

# CHAPTER 10

## STEERING OUTCOMES IN URBAN REGENERATION PROJECTS: AN EMPIRICAL STUDY OF A HUI COMMUNITY IN CHINA

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### INTRODUCTION

This chapter looks into China's experiences with embracing new steering instruments to promote social stability, with particular reference to the protection of households involved in city regeneration projects. During the closing years of the twentieth century, China experienced a fundamental transition, from a *planned* mode of urban regeneration to a new pattern that emphasised the involvement of the *market*. Under the planned regime, households affected by regeneration projects were provided with new apartments and temporary housing, all financed by the local government. Economic incentives were rarely employed to encourage households to resettle, as resettlement was seen as a civil obligation. The new approach, featuring marketisation, however, requires the affected households to pay for their new houses using monetary compensation and subsidies from the local governments. The local governments are strongly motivated to save such costs and thus provide limited compensation, and consequently complaints from the affected households have continued to grow (Peerenboom & He, 2009).

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A key factor giving rise to the tension has been that the state regulations, which the local governments use to address disputes, were *designed* to favour the administrative bodies and rarely took the public interest into account. In other words, mechanisms fail to steer local governments into fully recognising the households as essential participants in such projects, and giving them an equal chance to voice their demands, and devising just procedures for negotiations. One typical regulation was the 2001 *Urban Housing Demolition and Relocation Administrative Statute* issued by the State Council. It stated that when disputes between the two parties occurred over compensation, the agencies responsible for developing the projects were permitted to apply for a 'compulsory demolition order', meaning that whether willing or not, the property of the households would be destroyed to ease the construction of new projects as quickly as possible. As such, the ways in which conflicts are addressed are still derived from the old, bureaucratic, paradigm.

In the early years of the twenty-first century, the Chinese central government started to use a combined approach to steer local governments. In 2004, the *State Council (2004)* issued the *Notification of Controlling the Scale of Urban Housing Displacement and Administering the Process of Demolition and Displacement*. The notification posits 'promoting the healthy development of urban growth and social stability' as the central missions, and specified eleven measures that should be adopted by the central ministries and local states. These were specifically about: (i) the ideologies of urban house demolition; (ii) control over the size of regeneration projects; (iii) an open, impartial and fair procedure; (iv) regulations on the work style of demolition agencies; (v) law enforcement; (vi) compensation formulation; (vii) petition and order maintenance; (viii) supervision; (ix) legal system development; (x) media disclosure; and (xi) official responsibilities. This was the first time that central government had integrated various steering measures to alleviate the crisis created by 'compulsory demolition'. Three approaches have been given special attention: policy publicity, the work style of demolition agencies and compensation formulation.

However, the outcomes of this attempted steering, at least within the short period that has since passed, are mixed. It has been reported that, between 2003 and 2006, 40% of all the petitions submitted to the State Bureau for Letters and Calls (*Guojia Xinfang Ju*) in Beijing, were requesting justice related to housing demolition and resettlement. The corresponding percentage in the Department of Construction was even higher, estimated at over 70% (*China Youth Daily, 2009*). As China's exceptional economic growth has continued over the past 20 years, an interesting question is how the party state strikes a balance between the social call for better outcomes

in such projects, and the transformation of its old governance regimes. It is important to explore these issues because the outcomes seen by the citizens might be very different from what the central government envisaged and, more importantly, from what the local governments report publicly under pressure for their own legitimacy. What gives rise to the unintended social outcomes, as perceived by the public, of steering? How do citizens evaluate the steering intention and its success? Is there a clear linkage between citizens' evaluations of the outcomes and their level of support for such projects?

In this chapter, we attempt to provide some preliminary answers to these questions. We first provide an overview of the background in which the introduction of marketisation to city regeneration emerges and find that powerful stimuli for the officials come from both economic and political incentives in the short term. In contrast, the public interest, which was used as a pretext in expanding such projects, is effectively ignored. Given that the marketisation approaches only partially serve the bureaucratic interests and are inadequate in promoting social outcomes, the central government recognises the importance of steering. In this chapter, we illustrate the three steering foci and find that as a rationale they mark a switch by adding social outcomes, such as good relations and collaboration, to these projects. Central government is rarely engaged directly in implementing this new steering, but plays a role in initiating the changes, promulgating the principles and overseeing progress.

We focus on one community made up of people of *Hui* nationality in *Xi'an*, in western China, using data from a random survey of more than a hundred households. The chapter is structured as follows: the first section illustrates the background of booming urban regeneration projects and the lack of household support. The second section reviews central government bylaws and regulations that highlight the three foci of the steering. In the third section, we briefly present the ethnic origins of the *Hui* people, and the community involved in our study. The following section then explains our methodology. The findings are reported and discussed in the fifth section. Finally, some comments about steering Chinese households' support are provided in the sixth section, which also provides conclusions.

## **BACKGROUND**

Since the late 1990s, local governments in China have expedited the process of urban regeneration. Massive redevelopment projects are today

undertaken by local authorities. Multiple motives exist for local bureaucracies to engage in these projects. Completing the type of projects emphasised by higher level authorities not only demonstrates loyalty, it also acts as a strategy to gain an upper hand in the struggle against other institutional landowners, and so reap increased land-related revenues (Hsing, 2006). The projects also ensure the creation of immediate and future job opportunities, which is also seen as essential for local development.

When developing such projects, the local authorities, which are mainly at the county and city levels, introduce the marketisation principle to pursue efficiency. Market mechanisms such as competitive bidding are used in selecting the development agencies. The speed, safety and cost-effectiveness of the agencies are considered as the golden criteria. Local authorities often sign a contract with the successful developers to reinforce their relationship as principal and agent respectively. In many cases, development agencies that had once been branches of local government before the downsizing reforms are more likely to win contracts, because of both their known identities and their good record of finishing similar projects in the past. However, nepotism is the other side of the coin as these close ties also mean that when conflicts between citizens and developers arise, the local authorities are more likely to side with these commercial groups than with the disadvantaged public.

For communities and households whose properties are targeted for such projects, marketisation leads them into one of two situations. In one situation, the future of their housing status is included as part of the contract between the local authorities and the developing agencies. In other words, the local authority acts on their behalf to reach an agreement about their new housing, regardless of obtaining individual consent. In the other situation, the local authorities compensate the citizens directly, by allocating them money for purchasing houses elsewhere. This has formed a distinct pattern in taking care of an affected population, distinct from the previous planned regime, where financial resources were not involved, and the developing agencies were a third party.

While marketisation has been embraced to improve the technical and economic dimensions of regeneration projects, bureaucratic methods inherited from the pre-reform era are still widely utilised in addressing the relationships between the state and society. Land seizures for such projects were often under the jurisdiction of the local authority. Lacking direct elections and effective everyday public participation by ordinary citizens, it is hard to see how citizens' voices about the appropriateness of siting and

compensation can be heard. The government can mandate and coerce ordinary citizens into accepting its decisions. When conflicts occur, they can contend that the involved citizens are 'creating difficulties and being unreasonable' (*diao min*) and justify the legitimacy of the compensation offered by invoking terms and conditions that are to an extent favourable to the administrative parties (*China Youth Online*, 2010).

In addition, inadequate and iniquitous compensation seems to be at the centre of the tensions. Past studies have shown that occupiers have received compensation that was: disproportionate to the household's actual income before relocation; insufficient for purchasing the proposed resettlement houses; allocated on the premise that the households will resettle far from their original lands; distributed in a piecemeal way; delayed in being paid out; and lower than documented in the agreement signed with the local government and the agencies; (Cai, 2003; Jackson & Sleight, 2000; Li, Waley, & Rees, 2001; Wang & Wall, 2007; Yep & Fong, 2009).

Ongoing complaints against and dissatisfaction with the city regeneration projects are voiced. Besides resorting to the regular petitioning system, which is similar to the complaints lodging mechanisms in Western countries for citizens seeking justice and to resolve grievances, some displaced households have chosen more active responses. They have exposed the conspiracy in compensation delivery and the governmental use of violence on the public; they have expelled and attacked officers in charge of demolition through face-to-face confrontation; employed socialist slogans to demand attention and remedies from the communist party; and pursued litigation over relocations in the hope of punishing officials through the law (Hsing, 2006; Lum, 2006). In the most extreme cases, some have even set fire to themselves in their courtyards or on rooftops to shock local bureaucrats (Nanfang Weekend, 2010). The number of worrisome cases shows that they are generally antagonistic to, rather than supportive of, the regeneration projects.

## FOCUS OF STEERING

As the issue was becoming increasingly acute, the central government decided to steer the local authorities towards better social outcomes. Three issues were given special attention. The first was on securing the *transparency* of local policy for the affected populations. Transparency has been plagued by the fact that local authorities often postpone the promulgation of the results of the appraisal of properties due compensation, to an extent to avoid large-scale protests by the affected populations.

The Ministry of Construction (MOC) is the central agency responsible for overseeing the demolition of property and the displacement of people as enacted in the *Guideline on Urban Displaced Housing Valuation* issued in January 2004. This administrative statute states that the preliminary appraisal results of targeted properties should be announced openly to the affected households, and that there should be an on-site, face-to-face delivery of the information (MOC, 2003a). In August 2004, China's *Land Administration Law* was revised. The 48th article now states that when a regeneration project occupies rural lands formerly owned by rural collective units that the affected households should be informed of the compensation determined.

The second key point in the steering was to improve the *working style* of agencies involved in the projects. Without adequate ethical and behavioural constraints on the demolition agencies, the pursuit of efficiency often overrode respect for the affected populations. Hostile styles were manifested on two dimensions. The first was on the material level, such as deliberately reducing the quality of public services for those households still bargaining with the developers. The second was on the interaction level, including intimidation and even eviction of households by force. The 2003 *Procedure for Administrative Arbitration for Urban Housing Demolition* introduced some sanctions against violent approaches. It announced that officials and individuals in administrative organs responsible for violently demolishing houses should be penalised under laws and regulations. Furthermore, the demolition agencies and their workforces were prohibited from using intimidation and cutting off power, water, gas and heating to force households to abandon their properties. The city and county level land administration departments were obliged to stop such behaviours if they uncovered them (MOC, 2003b).

The third, and perhaps the most crucial, point concerns the process of *formulating compensation*. A direct steering mandate was issued in 2003, the *Guideline on Urban Displaced Housing Valuation* (MOC, 2003a), which requires that the location, function and floor area of the targeted houses should be the key determinants in setting out the monetary compensation (Article 3). Local land administration departments, functioning as government branches, are expected to act as the organiser of an appraisal, not as the appraisal agency. The 2003 *Procedure of Administrative Arbitration for Urban Housing Demolition* contributes to addressing disputes when the appraised compensation fails to satisfy the households. It states that a public hearing should be held to help the land administration department reach a just arbitration when there is a notably high percentage of households

dissatisfied with the decisions (MOC, 2003b). Article 7 of the 2005 *Procedure for Urban House Demolition and Displacement* also reiterates that compulsory demolition should not be conducted without first resolving compensation disputes (MOC, 2005).

In general, these three foci reflect the concerns of central government regarding maintaining social stability and restoring lost legitimacy. The interests of affected households are taken into account, both in procedural and in material terms. In terms of rationale, the government seems to step away from the conventionally bureaucratic way of thinking, which ignores the effects of such projects on individuals. However, it is unclear whether these new steering mechanisms have resulted in the affected populations changing their attitudes towards the projects. Nevertheless, theories on procedural justice and policy feedback suggest that citizens' support for, and compliance with, specific policies and mandates can be explained by how local government implements those administrative procedures that generate the outcomes. Moreover, it has empirically been shown that the legitimacy of the authority, as perceived by its citizens, is shaped by both instrumental and procedural factors (see e.g., Tyler, 1988, 2004, 2011). Hence, we speculate that there might a linkage between the perception of the affected households on the outcomes of the steering, both in symbolic and material terms, and their support for the project, and examine this linkage using our data.

## **CHINA'S HUI ETHNICITY AND THE COMMUNITY AT THE HEART OF THE RESEARCH**

The ancestors of China's *Hui* minority were Muslim traders and diplomats who travelled from Persia and the Arabian countries to China in and around the seventh century AD (during the Tang Dynasty). The 2000 Census estimated the Hui population to total 9,816,805, making it the fourth largest ethnic group in the People's Republic of China. Thirty-one percent of the Hui people live in urban areas, ranking the group seventh among the country's 55 minority nationalities in terms of urban-to-rural ratio (Yang, 2006). The communities that the Hui have constructed and now inhabit are called *Jamaat* in Arabic. These communities conventionally spread outwards with a mosque at their centre to facilitate religious activities and protect the community identity. Hui households are often made up of large kinship groups rather than nuclear families. Several generations will thus share a compound, with the younger generation living in newly added apartments.

*Sajin qiao* is a Hui community located close to the Bell Tower in Xi'an, home to the country's largest cluster of Hui communities. Its name means 'gold-surfaced bridge' in Chinese. Its old and dilapidated houses, which are home to 35,000 Hui residents, are built along a 1,140-metre long road, the narrowest section of which is just seven metres wide and poorly maintained. The community boasts 1,570 shops, 440 (28%) of which are groceries and halal food businesses. Its households have lacked direct access to piped water and modern sewerage systems for many years.

In April 2005, the Xi'an city government issued an *Implementation Measure* for enforcing the *Demolition and Relocation* [of buildings] *to Widen the Main Road in the Sajin Qiao Area*. The measure's implementation was assigned to a government-financed agency, headed by the director of the district's Construction Bureau, which became the developer with sole responsibility for the project. The measure stipulates that the main Sajin qiao road be widened to 80 metres, which means the majority of households along it have to be resettled. The developer organised a forum to gather opinions on compensation from certain privileged members of the community. In November 2005, the developer initiated construction of an apartment complex and mosque in an arbitrarily designated locale, ignoring the consensus opinion of the households that the developer should provide compensation in the form of high-rise, high-density apartments and a commercial zone within the original community. The disparity between the expected and actual compensation resulted in a demonstration, which was suppressed by the developer with the assistance of the police force. Several community activists were detained, and others injured. The disgruntled residents then petitioned the Shaanxi provincial government for redress. The subsequent three months saw the withdrawal of the developer's agency staff from the community, and the project was put on hold.

The new apartment complex and mosque were completed at the end of 2008. Although they are close to the original community, the households affected soon identified two specific problems. First, the mosque is near an ancient Buddhist temple from the Tang Dynasty era, and the Muslim residents find that the sounds of Buddhist practices and the coming and going of worshippers creates a culturally uninviting environment. Second, the monetary compensation offered for the new accommodation was felt inadequate. For each square metre of a demolished house, the developer offered about 2,000 RMB (US\$298) in compensation. However, according to 2009 residential housing prices, the new apartments cost a minimum of 2,600 RMB (US\$388) per square metre. The households involved submitted their rejections of the compensation offer to the district government, and negotiations are ongoing.

## METHODOLOGY

### *Data Collection*

Data were collected in two stages. First, administrative and religious leaders in *Sajin qiao*, managers of the development agency, local officials, households and private business owners were interviewed. This helped us in understanding the projects and the effectiveness of the steering and helped in fine-tuning our survey instruments. Second, we took a random sample from the 1,220 households to be moved based on the number on their street plates. With a ratio set of 10%, 122 households were sampled. In each household we identified the individual responsible for making the final choice about whether or not to relocate from the community. These individuals were interviewed on behalf of their households, and asked to complete a questionnaire containing both structured and open-ended questions. Eight households declined to participate in the survey, and six returned incomplete responses. Overall, 108 valid questionnaires (88.5%) were returned.

### *Variables and Measurements*

#### *Dependent Variable*

Households' support for the regeneration projects was assessed by three questions: (i) to what extent did household members believe that the regeneration project would be a great success; (ii) to what extent did they consider the project to benefit them personally; and (iii) to what extent did they consider 'creaming the city's face', that is, pursuing a better appearance of the infrastructure despite the cost to the livelihoods of ordinary people, was NOT the real motive behind the government rhetoric of bettering the households' life. Five-point scales from 1 to 5 were used.

#### *Independent Variables*

We used multiple items for measuring the households' assessment of each steering focus. *Policy Publicity* was gauged by asking the respondents three questions: (i) to what extent were the dwellers in the household informed about the demolition and displacement policy of *Sajin qiao*?; (ii) to what extent they were informed on the schedule for the renovation of *Sajin qiao*?; and (iii) to what extent did they consider the demolition policy as accessible?

*Regulation of the demolition approach* is assessed in terms of two aspects. The first aspect was *public service quality*. We asked how satisfied the

dwellers in the household were about (i) medical care; (ii) electricity supply; (iii) running water; and (iv) basic education. These four services were the central concerns highlighted in the earlier interviews. The second aspect was the *attitude of the demolition agency's staff*. We collected households' perceptions of their (i) politeness; (ii) responsiveness to households' urgent needs; and (iii) trustworthiness.

Compensation formulation was gauged by asking the respondents four questions: (i) the extent to which the household members perceived that the government really took their opinions into account when formulating the solution; (ii) the extent to which they perceived the current compensation as adequate; (iii) the extent to which they regarded the compensation package as able to ensure the development of the community as a whole; and (iv) to what extent the local government was impartial in dealing with disputes. Again five-point Likert-type scales from 1 to 5 were used.

#### *Control Variables*

As identified in the literature, one's socio-economic attributes are crucial in shaping one's view of the legitimacy of policy and authorities. To control for the effect of such factors, we identified two variables as important and included these in the regression model. The first is the overall floor area. The current compensation policy does not take into account the house floor area of different households, but only puts forward a general standard for compensation prices for each square metre. As a result, people with larger floor areas would suffer a larger financial deficit if the household were to attempt to purchase a house of the same size with the compensation offered. The second socio-economic factor considered is the household size – the number of dwellers sharing the house. Larger numbers would mean that more factors would be considered before the household reached a collective view on their support for the compensation offered. Alongside these factors, the sex, age and education level of the respondents were adopted as control variables, allowing us to examine the degree to which these attributes of the informants, who represented the whole households in participating in the survey, were associated with different levels of support.

## **FINDINGS AND DISCUSSION**

### *Profile of the Sampled Households and Respondents*

The descriptive analyses of the sampled households reflect two prominent features: the houses generally have moderate floor areas, and are densely

shared by dwellers. Almost 40% of the households had floor areas between 50 and 100 m<sup>2</sup>, and 24.1% were smaller than 50 m<sup>2</sup>. Of those with larger houses, 16.7% had floor areas between 100 and 200 m<sup>2</sup> and 19.4% had houses that were larger than 200 m<sup>2</sup>. Less than a fifth (19.6%) of the surveyed households was occupied by three or fewer individuals. The majority of the households (72.8%) had between four and seven members, which suggests that multiple generations were living together, which reflects the perceived living pattern of the *Hui*. A further 7.6% of the households were occupied by at least eight family members, with the largest having 13 occupants. The sample was compared with the population of *Sajin qiao* community as a whole in terms of average house floor area and family size, and no statistically significant differences were found.

The respondents participating in the survey were predominantly male, relatively mature and low in terms of academic achievements. In more detail, 63.9% of the respondents were male, and 74.9% were over 40 years old. As the *Hui* have a tradition of respecting the patriarchal and senior family members when it comes to determining and announcing collective decisions, the respondents' attributes indicate that the responses should be representative of overall household opinions. A majority of the respondents (54.6%) did not have senior high school diplomas, and only 4.6% had bachelor degrees.

#### *Household Assessments of the Steering Foci and Their Support for the Project*

Table 10.1 presents the households' assessment of the policy publicity. The Cronbach's Alpha for the three items was above the acceptable threshold (0.7). The overall mean of their perceptions of policy transparency was below three. The three average scores ranged from 2.36 to 2.68, suggesting the households were generally somewhat dissatisfied with the extent of policy transparency, an issue that had been emphasised by central government.

In April 2005, when the measures issued by the city government were enacted, the households did receive some information on the policies from the street and district level governments. Pamphlets were circulated in the community station of the district government to inform households of the importance of widening the road. Official vehicles patrolled the community to promote the policy. However, what remained unclear was the compensation scheme, one of the central interests of the households. The local government told the curious households that the compensation plan had yet to be formulated. This situation had not changed by 2008 when the

**Table 10.1.** Assessment of Policy Publicity.

	Very Low %	Low %	Neither Nor	High Low %	High %	Very High %	Mean Score	Standard Deviation
Transparency of compensation policy	14.81	33.33	26.85	19.44	5.56	2.68	1.12	
Accessibility of the policy information	23.15	36.11	25.93	11.11	3.70	2.36	1.07	
Transparency of demolition schedules	19.44	33.33	26.85	16.67	3.70	2.52	1.10	

Notes: Cronbach's alpha = 0.724; construct mean score = 2.52.

**Table 10.2.** Households' Evaluation of Local Public Service Quality.

	Very Dissatisfied %	Dissatisfied %	Neither Nor Dissatisfied	Satisfied %	Very Satisfied %	Mean Score	Standard Deviation
Medical care	12.0	56.5	15.7	15.7	0.0	2.35	0.89
Electricity	0.9	33.3	10.2	47.2	8.3	3.29	1.15
Piped water	8.3	40.7	11.1	33.3	6.5	2.89	1.05
Elementary education	16.7	60.2	13.0	9.3	0.9	2.18	0.85

Notes: Cronbach's alpha = 0.859; construct mean score = 2.68.

work on the resettlement houses was initiated. Owing to their far and inconvenient location, some households submitted a petition to the street and district level governments, but their views were ignored, and the new housing complex project continued. As more households became involved in rejecting the proposed move, several negotiations were held during the period 2008–2010. However, a majority of the households had no idea about when and where negotiations were taking place. The participants were senior representatives and religious leaders, with ordinary households effectively excluded.

Table 10.2 shows households' evaluation of the quality of public services as the negotiations were pending. The Cronbach's Alpha for the four items was high ( $>0.8$ ), and the households were generally dissatisfied with the public services, with only the electricity supply receiving a positive rating (a mean score  $>3.0$ ). Interestingly, the electricity service was not provided by

the local government but by a state-owned enterprise (*the State Grid, guojia dianwang gongsi*) that uses a nationwide benchmarking system to ensure quality. Of the other three public services, the dissatisfaction with the medical care service was attributed to a lack of financial support for a community medical centre. The district government did not include *Sajin qiao* in its plan for new medical stations because it considered investment in an area scheduled to be demolished as of lower priority than putting them in newly built communities. As a result, the households had to resort to private clinics or distant hospitals.

The households also gave a poor assessment of the attitude of the staff from the demolition agency, as shown in [Table 10.3](#). Cronbach's Alpha for the three items was acceptable ( $>0.7$ ). All the three items were scored below 2.5, with perceived trustworthiness receiving the lowest rating. Nearly half of the respondents chose 'very negative' to describe this aspect. For all three questions, more than half of the responses were 'negative' or 'very negative'.

The tensions between the demolition agency and the local inhabitants might well have contributed to the particularly low assessment of trustworthiness. Our interviewees indicated that the households had organised themselves and formed a 'rights protection team' (*weiquan xiaozu*) against the violent evictions. On one occasion, the local government had asked some of the poorer households to leave the community, so that the demolition agency could use their empty houses for office space. The group declined the proposal, stressing that equity among religious members is a golden principle within Islam. The local government then promised that these poor inhabitants could remain. However, during the very night the deal was made, some staff from the demolition agency broke down the doors of these households. The sudden assault and battery left several inhabitants injured. Some households viewed the assailants as 'problematic youth' and even though the demolition agency denied they were formal

**Table 10.3.** Attitudes towards the Demolition Agency.

	Very Negative %	Negative %	Neither Negative Nor Positive %	Positive %	Very Positive %	Mean	Standard Deviation
Politeness	21.30	31.48	30.56	9.26	7.41	2.50	1.15
Trustworthiness	44.44	38.89	14.81	0.93	0.93	1.75	0.81
Responsiveness	18.52	33.33	34.26	7.41	6.48	2.50	1.08

Notes: Cronbach's alpha = 0.750; construct mean score = 2.25.

employees, the households felt the agency was to blame and then considered it as devious and unreliable.

Table 10.4 reports the evaluation of the households of the compensation formulation offered. The Cronbach’s Alpha for the four items used was high (>0.8). In general the households were disappointed with the compensation offered. The mean score of the item was just above 2.0, and 73% of the households either ‘strongly disagreed’ or ‘disagreed’ with the statement that the offered compensation was adequate. In our interviews, the households indicated that their ‘minimum standard’ for acceptable compensation would be to have a new community large enough to accommodate all the original households and, more importantly, that allowed them to continue their old ways of running private businesses and praying in a Mosque. Although the current compensation met the first and the third needs, it did not have adequate land for developing a commercial zone.

Furthermore, in the eyes of the households, the local official had failed to act as an impartial conciliator in the disputes. Some households recalled that, once, some of the active households had visited the leaders’ office. A district vice-governor responded to the complaints in an angry way, cursing that ‘if you think the demolition is illegal, take us to the courts and you will see who wins in the end’. During previous confrontations with the development agency when it was attempting to forcibly demolish the houses, the households concluded that the police forces appeared mainly to protect the local leaders, who appeared to try to pacify the enraged households, instead of stopping the staff from the demolition agency. These experiences reinforced the impression of a lack of impartiality by the local government and their watchdogs.

**Table 10.4.** Acceptability of the Compensation Formulation.

	Strongly Disagree %	Disagree %	Neither nor	Agree %	Strongly Agree %	Mean	Standard Deviation
Provides adequate compensation	30.56	42.59	23.15	2.78	0.93	2.01	0.86
Benefits the community’s future	17.59	34.26	31.48	11.11	5.56	2.53	1.08
Takes households’ needs into account	21.30	37.04	26.85	11.11	3.70	2.39	1.09
Impartial in dealing with disputes	22.22	32.41	33.33	5.56	6.48	2.42	1.10

Notes: Cronbach’s alpha = 0.876; construct mean score = 2.34.

Household support for the road widening project is reported in Table 10.5. The Cronbach's Alpha for the three items was exceptionally high ( $>0.9$ ). The support was generally weak or neutral; all three average scores were below the neutral 3.0. The households were most unsupportive in their view of the motives of the government, regarding the bureaucratic actions as skewed towards serving its own needs, or 'creaming the city's face'.

The households interviewed felt that the community needed the road to be widened to a lesser extent than did the district government, which they felt was seeking an enhanced reputation and recognition from its political superiors. Moreover, the household heads told us that they were fully aware of the tactics that the local government would adopt after the road was widened: once the 'cosmetic surgery' on the road was accomplished, the district government would soon align itself with commercial developers, who were eager to engage in building for business and tourism functions. The new properties would then be publicly sold or rented out. These accounts suggest that the project had been interpreted as a tool for the local government to maximise its own benefits, and thus it was deserving of low support.

### Correlation Matrix

Table 10.6 presents the correlation coefficients between the variables of interest. For the 10 bivariate correlations between the five variables on subjective assessment, six were significant at the  $p < 0.01$  level. For most

**Table 10.5.** Households' Support for the City Regeneration Project.

	Strongly Disagree %	Disagree %	Neither Nor Disagree %	Agree %	Strongly Agree %	Mean Score	Standard Deviation
The regeneration project will be a great success	17.59	16.67	41.67	14.81	9.26	2.81	1.17
The project benefits us	19.44	17.59	40.74	12.96	9.26	2.75	1.19
The project is NOT serving 'creaming' needs	30.56	24.07	30.56	6.48	8.33	2.38	1.22

Notes: Cronbach's alpha = 0.918; construct mean score = 2.65.

**Table 10.6.** Correlation Matrix.

	1	2	3	4	5	6	7	8	9	
1. Policy publicity	1									
2. Public service quality	-0.107	1								
3. Perceived staff attitude	0.437**	-0.106	1							
4. Compensation formulation	0.409**	0.034	0.368**	1						
5. Support for the project	0.283**	0.160	0.344**	0.408**	1					
6. Sex	0.022	-0.178	-0.171	-0.215*	-0.246*	1				
7. Age	0.086	-0.116	0.086	0.063	0.025	0.015	1			
8. Education	0.025	0.192*	-0.017	0.074	0.027	0.009	-0.338**	1		
9. Family size	-0.041	0.019	-0.009	-0.070	0.015	0.091	0.401**	-0.0991	1	
10. Housing floor area	-.197*	0.054	-0.399**	-0.403**	-0.372**	0.264**	0.265**	0.0240	0.227*	1

\*Correlation significant at the 0.05 level (two-tailed).

\*\*Correlation significant at the 0.01 level (two-tailed).

variables, the magnitudes of the correlation coefficients were between 0.238 to 0.437, suggesting they were distinct constructs. Support for the project was positively correlated with policy publicity, perceived attitude and compensation formulation to a moderate extent. Turning to the correlations between the five subjective assessments and the objective variables gauging the respondents' attributes and households' profiles, 7 of 25 coefficients were significant at the same level. The correlation between floor area and perceived staff attitude was the strongest ( $r = 0.399$ ), which is understandable given that the respondents from smaller houses knew that their houses had a higher risk of being demolished. Of the 10 coefficients related to social or economic variables, five were significant but again below 0.5 in value. The evidence further suggests that multicollinearity was not a serious problem.

*Common Method Variance*

Before considering the results of the multiple regression analyses, it is worth noting that all of the data were collected through a single source, and were self-reported in nature. As such, there is a risk of common method

bias, which refers to variance that is attributable to the measurement method rather than to the construct being measured. We applied a number of strategies in an attempt to minimise the potential influence of common method bias on our statistical results.

First, we followed the suggestion of Podsakoff and Organ (1986) to include psychological and temporal approaches in the design of our questionnaire. Consequently, the items measuring the subjective variables were spread throughout the questionnaire, intermixed with objective questions about the household status, such as intermarriage with other ethnicities and business developments (these questions were for use in other studies).

Second, the opinions of informants interviewed in the first stage of the research were used to refine and improve the survey questions. Here, we placed an emphasis on reducing the likelihood of items being perceived as ambiguous or complex (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003).

Third, Harman's one-factor test was employed to check whether common method bias was likely to be present. An unrotated principal component factor analyses for all the items in the model showed that no single factor emerged as accounting for most of the variance. Indeed, Harman's one factor-test produced a five-factor solution, with the first factor accounting for only 23% of the variance. This finding thus partially allays concerns about common method bias.

Finally, scholars have recently suggested that common method bias is less of a problem in OLS models that include many independent variables, especially if these variables are not highly correlated (Siemens, Roth, & Oliveira, 2010). In our regression model, specific household and respondent attributes, as presented above, were controlled for in obtaining more reliable results.

### *Multivariate Analyses*

We regressed household support for the project onto the four independent variables. The main modelling goal was to test how households' assessments of the three steering foci affected their support for the project. As shown in Table 10.7, the model was statistically significant, with the adjusted *R* square greater than 0.5. None of the control variables were significant in the model. The highest variance inflation factor (VIF) value in the equations was 2.253, with the average less than 2.0 (1.512). This is a good indication that the results were not distorted by multicollinearity.

**Table 10.7.** Results of the Multivariate Analyses.

	Non-Standardised Coefficients		
	<i>B</i>	Standard error	<i>t</i>
<i>Steering foci</i>			
Policy publicity	0.01	0.11	0.11
Public service quality	0.24	<b>0.11</b>	2.18*
Perceived staff attitude	0.25	0.22	1.17
Compensation formulation	0.57	<b>0.17</b>	3.36***
<i>Household profiles</i>			
Family size	0.05	0.05	1.06
Housing floorage	-0.10	0.09	-1.16
<i>Respondent attributes</i>			
Sex	-0.15	0.17	-0.86
Age	-0.02	0.07	-0.23
Education	-0.03	0.07	-0.46
(Constant)	0.35	0.58	0.60
$R^2$		0.55	
Adjusted $R^2$		0.53	
<i>F</i>		13.14**	

\*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ ; \*  $p < 0.05$ .

The direction of the relationships between the four independent variables and project support matched the assumptions of the central government and ministries in believing that successful steering was crucial. That is, those households who regarded the implementation of the regeneration policy as more successful attached stronger support to the project.

Among the four variables, however, only two had significant coefficients. The first of these was public service quality, a component of the steering focus on regulating the work style of the demolition agency. The second was the compensation formulation. The findings thus show that the other two steering variables do not affect support for the project. First we consider policy publicity. One possible explanation for the lack of influence on support is that the households see the publicity coming through the formal channels as insufficient. Instead, the households utilised their social networks to expand the sources of information, and then shared their findings around the community. Indeed, households having members working as cadres (*ganbu*) in the local government or in state institutions indicated during the interviews that they relied mainly on these sources or on other relatives who had similar careers.

Second, the steering that was aimed at changing the households' impressions of the demolition agency failed to boost support for the project. A previous argument, that Chinese grass-root citizens have become increasingly pragmatic (Chen & Lu, 2007; Chen, Zhong, Hillard, & Scheb, 1997), offers a plausible explanation for this finding. As the households generally base their support for the government, and for the regime, on whether they think the government is serving their present interests, tangible favours during policy implementation become a prerequisite for gaining public support.

## CONCLUSIONS

This chapter has focused on how affected citizens evaluate the outcomes of steering in city regeneration projects, and how the perceived outcomes hinge upon their support for the projects. As these findings suggest, the steering, although well-intended, looked very distant and weak in competing against the high-powered incentives for local authorities to complete more of such projects and at lower compensation costs. The interviews suggest that the local bureaucracies cling on to their old behaviours. The power of sanction is too small to increase their attention to the issue of maintaining harmonious relations with households. In this sense, the real difficulty in steering, which is similar to the experiences of some European countries, is to create an effective incentive structure that can overcome the inertia inside local bureaucratic systems (Berkel, 2009).

Another point related to steering is that although the central government uses a top-down approach by empowering provincial governments to oversee their subordinates, it rarely incorporates other elements, such as empowering citizens to supervise, and cooperating with citizens to assess the performance of local agents (see Greiling, 2005). Without empowerment, the affected households became disadvantaged groups when facing up to the local authorities.

Furthermore, this research shows that the thrust for the steering was derived from the setting up of a 'general framework' containing goals and general guidelines rather than detailed regulations (Johansson & Borell, 1999, p. 590). One danger in using only general principles to regulate local authorities is that the latter can also use vague rhetoric in responding to questions and checks from the central government. As the key to a successful social outcome involves both economic and psychological issues, it is necessary for a central government to deliver more specific standards;

and ones which are formulated based on the public participation, such as through opinion polls and referenda, of the affected citizens on a local level.

A final warning is that great caution should be taken when generalising the findings to other Chinese settings, especially because our study collected data from an ethnic *Hui* community. This is first because Chinese local governments are generally more careful when negotiating with minority nationalities on compensation issues than when the displacement of some of the majority *Han* people is at stake (Wang & Wall, 2007). Entrepreneurial states seem to be more impatient when bargaining with the latter, as reported extensively in the public media (*China Youth Online*, 2010). Second, the research involved only a small sample in exploring how the perceived effectiveness of steering determined a household's support. To obtain a fuller understanding of the issue, future studies should extend the work to communities with distinct land ownership characteristics and different historical backgrounds and ethnic compositions.