THE LIMIT OF BUREAUCRATIC POWER IN ORGANIZATIONS: THE CASE OF THE CHINESE BUREAUCRACY

Xueguang Zhou, Yun Ai and Hong Lian

ABSTRACT

Bureaucratic power – the power derived from the formal authority of the bureaucratic organization – has become a central organizing mechanism in modern societies. In this study, we develop theoretical arguments to identify institutional sources as well as limitations of bureaucratic power. We argue that the very institutional sources of bureaucratic power also cultivate the countervailing forces that set limit to the exercise of bureaucratic power in formal organizations. These arguments and considerations are illustrated in two case studies of the ''inspection and appraisal'' processes in the Chinese bureaucracy. Our study raises issues about organizational isomorphism and calls for a closer look at the behavioral patterns in organizational processes.

Keywords: Chinese bureaucracy; power; inspection; implementation

Rethinking Power in Organizations, Institutions, and Markets
Research in the Sociology of Organizations, Volume 34, 81–111

ISSN: 0733-558X/doi:10.1108/S0733-558X(2012)0000034006

BUREAUCRATIC POWER: RESEARCH ISSUES

Modern societies are largely organized by formal, bureaucratic organizations. Along with the rise of "corporate persons" in contemporary societies, much of the power, along various dimensions, is exercised through bureaucracy (Coleman, 1982). Bureaucratic power – the power derived from the formal authority of the organization – has become a central organizing mechanism in our society. Public policies are made and implemented by formal organizations and through bureaucratic processes; market transactions, contractual relationships, and financial flows are structured and regulated by formal organizations and bureaucratic authorities therein; and social welfare, public safety, and various kinds of public goods are delivered by governmental bureaucracies. In the United States, as Wilson (1975) argued, there has been a grand trend in that political power gradually shifted to the bureaucratic hands. This observation can be generalized to other developed and developing societies as well. In this light, Galbraith (1984) saw formal organizations as "the most important source of power in modern societies."

The expansion of bureaucratic organizations in modern societies has been propelled by the efficiency and effectiveness of formal organizations. More than a century ago, Weber (1946) called attention to the superiority of bureaucratic organizations in the context of the capitalist economy and legal rationalization of society, which demands precision in processing information and carrying out administrative command. Since then, both historical and comparative studies have shown that the Weberian states play an important role in economic development and social changes across societal contexts (Evans, 1995; Evans & Rauch, 1999; Evans, Rueschemeyer, & Skocpol 1985; Hall, 1986; Johnson, 1982). Unlike other organizing mechanisms, such as markets or networks where reciprocal exchanges prevail, the bureaucratic mechanism of organizing is largely based on authority relationships built on the hierarchical structure. In the social sciences literature, bureaucratic power has been discussed in two distinct ways: bureaucratic power may refer to the coercive power of the bureaucratic organizations (e.g., the government) upon social groups and individuals in the society; or it may refer to the power of formal authority across hierarchical levels within the organization, as in the supervisor–subordinate relationships in making and enforcing decisions. In this study, we focus on the latter – sources and limitations of bureaucratic power *within* formal organizations. However, as we will argue in the concluding section, these two types of bureaucratic power are interconnected and governed by

the same mechanisms; hence, the theoretical arguments developed in this study also have implications for understanding the role of bureaucratic power in the larger societal context.

Our study examines the role of bureaucratic power in the Chinese government agencies. In many ways, the Chinese bureaucracy represents a distinct model of organizations: the Chinese bureaucracy has had a long and distinct path of evolution in history, characteristic of patrimonial authority and blurred boundaries between literati and officialdom (Balazs, 1964; Levenson, 1965; Weber, 1968). In contemporary China, the bureaucracy under the Chinese Communist Party's leadership was built on the Leninist model of party organizations, with centralized authority and tight-coupling mechanisms, as the instrument for the top leadership to pursue its grand political, economic goals (Schurmann, 1968; Selznick, 1952). Since the early 1980s, the Chinese state has played a leading role in China's large-scale institutional changes. The bureaucratic power predicated on administrative and personnel control has become more prevalent than ever before.

In this larger context, the Chinese state has also undergone major reforms in the last three decades. First of all, the bureaucratic state has developed elaborate internal promotion ladders and reward and penalty systems to incentivize bureaucrats (Landry, 2008; Zhou, 2008); second, the central authority has promulgated a large number of rules and regulations to regulate the behaviors of government offices and officials. Today, entry into the civil service and promotions within are regulated by an elaborate rule system; government officials are subject to periodic reviews and evaluations; and government bureaus and agencies are reorganized and functionally differentiated in a top-down organizational restructuring process (Yang, 2004). In many aspects, then, the Chinese state appears to become increasingly formalized and institutionalized, and to increasingly resemble its counterparts in industrialized market societies. Are we witnessing a grand trend of organizational isomorphism, as anticipated by new institutional theory of organizations (see DiMaggio & Powell, 1983)? What are the sources and constraints of bureaucratic power, especially the power of the bureaucratic state?

An examination of bureaucratic power in the Chinese bureaucracy may shed light on this set of issues. Drawing on recent organization research, in this study we identify and evaluate three sources of bureaucratic power: (1) the formal authority based on rules and procedures, (2) the capacities of the formal authority in incentive designs, and (3) the collective identity based on shared experiences and expectations. These sources strengthen and perpetuate bureaucratic power in formal organizations; at the same time, we

submit, they also cultivate countervailing forces to the exercise of bureaucratic power, thereby setting limits to the bureaucratic power in organizations. We illustrate our arguments by empirically analyzing one particular and critical phase of the organizational process – the "inspection and appraisal" practice – in the Chinese bureaucracy. That is, we take a close look at bureaucratic power in action in the "inspection game," with the inspectors from the higher authorities on one side and the local bureaucrats on the other.

The rest of the chapter is organized as follows: We first develop theoretical arguments on both the sources and limitations of bureaucratic power. We then illustrate these issues and arguments in two case studies of the "inspection and appraisal" practice in the Chinese government. We conclude our study by considering the connection between bureaucratic power within formal organizations and that in the larger societal context.

BUREAUCRATIC POWER: SOURCES AND LIMITATIONS

Bureaucratic Power Defined

No concept in social sciences has had as many different interpretations, and as much controversy, as that of "power" (for a review, see Lukes, 2005). So, it is important for us to be clear about the subject matter of inquiry in this study. Our focus is on one variant form of power: the bureaucratic power exercised within formal organizations and, in particular, within government organizations.

By bureaucratic power, we refer to the power – the capacity to impose one's will over other parties – that is derived from, as Weber put it, the "authoritarian power of command" instituted in the bureaucracy (Weber, 1978). Bureaucratic power is rooted in the hierarchical order of formal organizations. In this sense, the variant of power we study here is close to the concept defined by Parsons (1963, p. 237): "Power then is generalized capacity to secure the performance of binding obligations by units in a system of collective organization when the obligations are legitimized with reference to their bearing on collective goals and where in case of recalcitrance there is a presumption of enforcement by negative situational sanctions – whatever the actual agency of that enforcement." The bureaucratic power, seen in this light, takes on a concrete form, that is, the capacity of the superiors to impose

their wills upon the subordinates in carrying out designated tasks and projects in the organizational context.

Normatively, the bureaucratic power thus defined is common in all sorts of formal organizations. The very hierarchical form is predicated on the legitimacy of the formal authority associated with positional power, which is sanctioned by property rights (e.g., private firms) or legal authorities (the role of supervision or bureaucratic oversight in governments). Several features of bureaucratic power are worth emphasizing. First, bureaucratic power involves both manifest and latent power that imposes one's will on others. At times, such power is manifest in the form of administrative fiats, decrees, and budgetary allocation; at other times, such power is implicit in the rule-following behaviors or conducts based on shared norms and expectations. Second, bureaucratic power rests on the formal structure of the organization, and hence it is related to positions, not persons. By the same logic, supervisor–subordinate relationships are formed on the basis of legitimacy and hence are accepted by the members of the organization. Third, one can empirically assess bureaucratic power by examining how the targets or goals intended by a specific policy or program are accomplished through the bureaucratic processes. That is, the effectiveness of bureaucratic power is reflected in and captured by the outcomes of bureaucratic processes in decision-making, in implementation, and in problem solving.

Bureaucratic Power: Sources and Limitations

For our analytical purpose, we identify three distinctive sources of bureaucratic power in this study. First, bureaucratic power is derived from the hierarchies of the organization, as embodied in the formal authority, and rules and procedures in organizations. Formal rules produce standardized behaviors, coordinate different subunits, regulate the flow of information, and specify hierarchical relationships (March, Schulz, & Zhou, 2000). This is closely associated with Weber's view of modern bureaucracy, where behaviors are constrained and directed by the hierarchical order of the organization, especially through impersonal rules and command. In the French context, Courpasson (2000) proposed the concept of "soft bureaucracy" to characterize the coexistence of centralized authority and entrepreneurial forms of governance in formal organizations. But his emphasis is on the importance of the former in organizations. Administrative fiats or policy directives from the higher levels are processed and carried out through formal authority

relationships, division of labor, and other coordination mechanisms in the hierarchical structures. It is not surprising that authoritarian power is always associated with elaborate bureaucratic organizations.

On appearance, the Chinese government is a prototype of the Weberian bureaucracy in this regard. That is, agencies and bureaus at different levels of the government are coordinated by elaborate rules and regulations, and directed by formal authority. Take, for example, the ''inspection and appraisal'' practice in the Chinese governments. As a form of bureaucratic oversight in the Chinese government, the higher authorities regularly send inspection teams down to the subordinate bureaus and evaluate their performance in a particular area or regarding a specific project. This act of bureaucratic oversight indicates considerable bureaucratic power in the Chinese government. Not only are the content but also the means of inspection, such as timing, location, and format, are decided entirely by the higher authorities. For instance, in the family planning area, the higher authorities may choose, within the broadly defined ''inspection season,'' the specific day and time, and the location (e.g., the choice of villages) to conduct its inspection. At times, these inspections are launched as ''sudden attacks'' without prior notification to the local authorities in the county, township, or villages. In these practices, supervising agencies have shown considerable legitimate power to impose its will through the bureaucratic hierarchy.

The second source of bureaucratic power derives from the capacities of those in the authority positions to design and administer incentives that elicit those actions of their subordinates that are consistent with the goals of the organization. Departing from Weber's view on the legitimate basis of formal authority, contemporary studies of bureaucracy, largely developed by the economics of public choice, recognize and emphasize the misbehaviors based on asymmetric information in the principal–agent relationship that plague organizations. That is, those members with more information – usually the subordinates – are likely to make strategic use of information to pursue their own goals at the expense of the collective goods of the organization. Therefore, one important role of bureaucratic power is to develop appropriate incentive designs to align the interests of the subordinates with the goal of the organization. In this light, we may treat ''power as the modification of incentives to induce actions in the interests of the principal'' (Miller, 2005, p. 203). Not surprisingly, the role of incentive design in organizations has become a central issue in the recent organization research (Lazear, 2004). Incentive designs may be either more market oriented and based on outcomes, or they may be more administratively oriented on the basis of bureaucratic oversight (Miller, 2008). In brief, the capacities of the supervisors to make

decisions and develop incentive designs that directly affect individual career and life chances, such as promotion and economic and status rewards, are an important source of power to overcome resistance.

In this regard, bureaucratic power in the Chinese bureaucracy appears to be overwhelming. There have been strong incentive mechanisms developed in the government administration. Returning to the "inspection and appraisal" example, once violations are discovered in the inspection process, the associated penalties may be severe. According to the "one-item veto" regulation, if a key target in the designated goals is not met (e.g., the targeted fertility rate in the family planning area), the chief government officials, as well as those officials in charge of the specific area, will be deprived of promotion opportunities for a period of time (usually one year or two years), and the local government's performance in all other areas will be negated. If the performance is really poor, the officials in concern may be demoted or forced to resign. The significance of bureaucratic power is also evident in local officials' response to such inspections. Local officials are extremely sensitive to bureaucratic oversight in the "inspection and appraisal" processes. They typically spend weeks, or at times months, to prepare for such inspections, often involving considerable mobilization of resources across a multitude of offices.

The third source of bureaucratic power derives from shared norms, expectations, and interests among bureaus and bureaucrats on the basis of stable coordination and relationships. Professional career, long office tenure, and operation under similar rules and procedures tend to produce shared experiences, worldviews, and identities. Unlike other types of power, bureaucratic power is based on stable, mutually enforcing behavioral patterns of the bureaucrats in sync with their shared experiences, norms, and expectations cultivated in the workplace (Merton, 1968). This interpretation is close to the notion of latent power consisted of "a set of predominant values, beliefs, rituals, and institutional procedures ('rules of the game') that operate systematically and consistently to the benefit of the certain person and groups at the expense of others. Those who benefit are placed in a preferred position to defend and promote their vested interests" (Bachrach & Baratz, 1968, quoted in Lukes, 2005, p. 21). Drawing on Goffman (1961), Foucault (1977), and Bauman (1989), Clegg, Courpasson, and Phillips (2006) made a strong case about "the heart of darkness" – the collective mentality of bureaucrats shaped by the rational rules, procedures, and formal authority in bureaucratic organizations. All these tend to induce similar behavioral patterns among bureaucrats for effective communication and coordinated action in the organizational processes.

We would expect similar institution-based bureaucratic experience and mentality in the Chinese bureaucracy, which is characteristic of clear functional differentiation, long tenure, and shared experience in response to external pressures. Structurally, the Chinese government sets up specialized offices or bureaus to implement state policies in particular areas, such as family planning, environmental protection, or work safety. Typically, these special-purpose offices are set up at each level of the governments (central, provincial, prefectural, county level, and at times down to township), with stable routine and staff members to carry out the tasks on a daily basis. Those offices in the same functional arena are vertically linked and interact with one another on a stable, bureaucratic basis. As a result, collective identity and expectations are likely to grow on the basis of such shared experiences and work environment, thereby generating coordinated and predictable behaviors.

Weber (1978) warned that the process of bureaucratization may lead to the "iron cage" that traps officials and activities through competition and the pursuit of efficiency. More recently, DiMaggio and Powell (1983) identified different sources of the "iron cage" in the form of organizational isomorphism imposed by the larger institutional environment, through legal coercion, imitation under uncertainty, and normative pressures exerted from the larger, social environment. In this context, bureaucratic power becomes externalized; that is, it is not derived from internally based authority but that imposed by the externally constructed institutional pressures, leading to shared norms and expectations, hence the enforcement and institutionalization of compliance and isomorphic behaviors. In a similar vein, we may treat the central authority and top-down mechanisms in the Chinese bureaucracy as the institutional environment to which local offices and bureaus must respond. Hence, we would expect strong isomorphic behaviors across these bureaus, offices, and localities.

To sum up, bureaucratic power derives from the stable structure and processes of formal organizations, embedded in their rules and procedures, in formal authority relationships, and the interconnectedness based on shared norms and experiences among different parts of the organization. In essence, what we have portrayed here is a Weberian bureaucracy updated with more contemporary gadgets – it is now equipped with rational designs of coordination and incentives in response to asymmetric information, inconsistent goals, and conflicting interests that plague principal–agent relationships in formal organizations.

Ironically, these very sources of bureaucratic power, as embedded in organizational processes and mechanisms, also cultivate countervailing

forces that set limits to the exercise and effectiveness of bureaucratic power. Indeed, in the contemporary literature, at times bureaucratic power refers to both the power of the superiors imposed upon the subordinates and that of the subordinates in resisting the superiors (Wintrobe, 1997). We now turn to identify and discuss those mechanisms that are countervailing to, or undermine, the bureaucratic power discussed above.

First, the centrality of formal rules in hierarchies notwithstanding, informal, social relations often present a salient countervailing force to the bureaucratic power based on formal rules. By social relations, we refer to those informal, interpersonal relationships that are not derived from formal authority relationships, but cultivated through informal interactions, or drawn from larger social context such as ties based on alumni, locality, and other family-like ties. Such social relations are *informal* in that they are not derived from rational organizational design; rather, they stem from social interactions and give meanings to interpersonal affections, identities, and expectations. As students of organizations have long recognized, informal and social relations are pervasive in formal organizations (Scott, 2003). Blau (1955) found that employees in government welfare agencies often made decisions based on their informal relations than on the basis of formal rules. Gouldner (1964) examined the contest between social relations and formal rules in the industrial setting. In the French context, Crozier (1964) also found the presence of informal social control that is at odds with the formal authority. Some argue that social relations within organizations may also cultivate trust and loyalty that overcome agency problems (Breton, 1995). More often than not, as we will show below, these social relations induce behavioral patterns that are at odds with formal authorities in the hierarchical structure.

One important consequence of the pervasiveness of social relations in organizations is that they often bend the bars of "the iron cage" of the bureaucracy. As an organization develops elaborate rules and procedures to regulate and constrain bureaucratic behaviors, such rules and regulations become more likely to be at odds with the everyday work experience of the bureaucrats. Tensions between the two open doors for social relations to come into play, circumventing and compromising the formal rules such that rules are interpreted in different lights, exceptions granted or acquiesced, and the gaze of inspections directed to other safe areas. In our view, tensions between universal bureaucratic rules and particularistic social ties undermine the forces of organizational isomorphism identified by DiMaggio and Powell (1983) and provide a key to understanding the limit of bureaucratic power.

Consider the prevalence of social relations in the Chinese context. Chinese anthropologist Fei Xiaotong (1992) argued that, in the traditional Chinese society, a Chinese lives in a web of social relations characteristic of differential modes of association around the concentric circles, with the individual at the center and the social distance to others being organized on the basis of family ties. In contemporary China, social relations or *guanxi*, as it is often known in the literature, take a variety of forms: alumni, colleague, schoolmate, place of origin, etc. Social relations are pervasive in organizing social life among the Chinese, and they permeate in all kinds of social and economic activities and in formal organizations (Walder, 1986; Yan, 1996; Yang, 1994). They are also pervasive in the Chinese bureaucracy for individual advancement and for resource mobilization in carrying out organizational tasks. Social relations across bureaus and between supervising and subordinate agencies provide a critical coping strategy in managing uncertainty, in information control, in the mobilization of resources to get things done, and in problem solving in response to crisis (Zhou, 2010). Indeed, studies have observed systematic bargaining and alliance formation among different bureaus and agencies (Lieberthal & Lampton, 1992; Shirk, 1993) and the government coevolves with and is constrained by the emerging markets (Guthrie, 1999; Wank, 1999; Zhou, 2000).

Second, the misuse of incentive designs may also undermine the bureaucratic power in subtle but significant ways. Although incentive designs can allow the superiors to overcome resistance, providing an important source of bureaucratic power, poor incentive designs in the bureaucracy may ironically induce strategic alliance among supervisors and subordinates in collusive behaviors, thereby cultivating countervailing forces to bureaucratic power. An effective incentive design is predicated on some very strong assumptions including that, first, "the principal is assumed to know the agent's utility function and to be able to predict how the agent will respond to incentives devised by the principal; secondly, the principal can precommit to an incentive scheme; and thirdly, the contract is self-enforcing for the agent, that is, he carries out actions that maximize his own utility, given the incentives devised by the principal" (Wintrobe, 1997, p. 442). From the point of view of rational organizational design, problems due to informal relations can be dealt with by appropriate incentive designs that align the goals of the employees with that of the employer so as to induce desirable behaviors from the former. But given the bounded rationality and conflicting goals and interests among multiple principals, the feasibility of rational incentive designs is highly problematic (March & Olsen, 1979; Simon, 1947). Oftentimes,

poor incentive designs induce unintended consequences that run counter to organizational goals (Kerr, 1975).

The high-handed formal authority in the Chinese governments – a characteristic of overcentralization of power – has exacerbated this problem. Zhou (2010, p. 63) pointed out, "the incentive design within the Chinese bureaucracy has induced a strategic alliance among local governments, which provides another institutional basis for collusive behavior and leads to goal displacement." For example, the so-called "one-tem veto" rule in the family planning area stipulates that once there is a serious problem in this area (e.g., the fertility rate does not meet the policy target), then all other accomplishments by the local government will be negated, and chief executive officials will be penalized regardless of their performance in other areas. However, goals may be set so unrealistically that the evaluation of performance is to a large extent arbitrary. Therefore, poorly designed incentive mechanisms induce political lobbying and collusive behaviors in performance evaluation. Moreover, the considerable ambiguity in performance appraisal also allows much room for "interpretation." Ironically, then, excessive incentive intensity induces bureaucratic officials to collude and cover up, thereby undermining the bureaucratic power based on such incentive designs.

Third, contrary to the ideal type of Weberian bureaucracy, it is not uncommon that the internal bureaucracy becomes fragmented and polarized because experiences, expectations, and identity vary across bureaucratic levels, between bureaus or agencies. On this basis, March (1988) argued that implementation is a continuation of organizational decision-making and emphasized the importance of lower-level bureaucrats in the implementation process. Crozier (1964) echoed a similar view: " … a hierarchical order and an institutional structure impose discipline on the different individuals and groups, and arbitrate between their claims. But this power – which, of course, cannot be absolute – must bargain and compromise with all the people whose co-operation is indispensable at each level" (p. 163). In this light, Lipsky (1980) showed the importance of street-level bureaucracy in the realization of public policies. Indeed, bureaucratic organizations are characterized by integration as well as segmentation, both of which are built on the basis of organizational structure. What we have learned in organization research is that different bureaus, offices, and levels of governments tend to cultivate different interests, expectations, and behavioral patterns, and the very organizational boundary provides the basis for organized interests and concerted behavior in resistance to the authorities from above. As a result, the very basis of bureaucratic power – shared behavioral patterns and

expectations, but within the subunits of the bureaucracy – may become the countervailing force that undermines bureaucratic power.

These considerations cast doubts on the extent of organizational isomorphism in the Chinese bureaucracy, despite the high-pitched rhetoric of conformity and isomorphic gestures among the officials. As we noted before, Chinese scholars have observed fragmented bureaucratic interests and bureaucratic negotiations in Chinese governments (Lieberthal & Lampton, 1992; Shirk, 1993). In our view, there is an inherent tension between external, institutional environments (in the form of the top-down administrative command in the Chinese bureaucracy) and the segmented norms and expectations on the basis of institution-specific, organized interests. The extent of organizational isomorphism is contingent on the effectiveness of top-down institutionalization as well as that of local politics that can resist the externally imposed rules and regulations. In the Chinese bureaucracy, as we show below, the latter often has an upper hand.

Thus far, we developed our arguments of bureaucratic power by drawing on the organizational literature and interpreting their relevance in the Chinese context. We now turn to empirically examine the exercise of bureaucratic power in the Chinese government to illustrate the key issues we have identified in the discussions above.

TWO EMPIRICAL STUDIES: THE "INSPECTION AND APPRAISAL" GAME

The Research Setting: Bureaucratic Power and the "Inspection and Appraisal" Practice

We illustrate the key theoretical arguments using two case studies of bureaucratic power in action. We focus on the bureaucratic practice of "inspection and appraisal" (*"kaohe jiancha" in Chinese*) in the Chinese bureaucracy. Below we first introduce the research context.

To ensure the effective implementation of state policies in the Chinese bureaucracy, as a routine practice, the higher authorities frequently send out inspection teams to lower-level governments to conduct review and inspection. A large proportion of such inspections are informal, ad hoc, and inconsequential. But the category of "inspection and appraisal" is of particular significance because this type of inspection is formal, institutionalized, and carefully scripted; local officials are evaluated and subject to

reward and penalty as a result. Such inspections mostly take place at fixed time intervals, such as midyear and end-of-year reviews, with clearly specified goals or criteria for appraisal, and involve elaborate procedures. Some inspections are comprehensive, such as the annual review of the overall performance of a local government, others center on a specific policy or an administrative fiat in a targeted area, such as the family planning area or the environmental protection area. Oftentimes, inspections are conducted across bureaucratic levels, and take place at the very ground level where the specific policies meet street-level bureaucrats and those being directly affected. For example, the inspection of family planning policy implementation in the rural areas takes place within villages, where inspection teams from county, prefectural, and provincial levels visit families in selected villages to inspect on policy implementation and on the accuracy of official records filed by the local government office.

Our empirical study of the inspection phase fits nicely our research focus on the role of bureaucratic power: Inspections serve the purpose of enforcing local officials' compliance with the administrative fiats from above. The inspection process involves intensive interactions between the supervising agencies and subordinate agencies, often across several administrative levels, where bureaucratic power is on full display. The three aspects of bureaucratic power – formal authority based on hierarchical positions and rules, the capacities to devise incentive design, and stable, shared bureaucratic norms and expectations – are all evident and salient in the process. Inspection from above is one of the utmost important items on the agenda of the local bureaucrats, to which local bureaucracies engage in intensive mobilization in response (Zhao, 2010). Therefore, the actual inspection process, local coping strategies, and the final outcome provide glimpse into the Chinese bureaucracy in action, especially the exercise of bureaucratic power and its limitations.

The empirical evidence to be presented below is drawn from two case studies based on our participatory observations of the inspection and appraisal processes in two distinct areas of state policy implementation. The first one is in the family planning area. In 2007, one researcher from our team followed several government inspection processes in D County in Southern China. In the second case, one researcher from our team conducted participatory observations of inspections of the environmental protection bureau (EPB) in a prefectural area in Northern China in 2008. In the family planning area, we observed three inspection episodes in the same county from three bureaucratic levels – county, prefectural, and provincial levels. In the environmental regulation area, we observed two inspection

episodes in the same prefectural jurisdiction by teams from the provincial and central government levels. Each inspection episode lasted between 3 and 15 days. In both cases, our researchers were involved in participatory observations prior to, during, and after the inspection processes. Therefore, we have rich information not only on how these inspection processes unfolded but also on how these bureaucracies made preparations for the inspection and how they responded to the aftermath of the inspections.

Our researchers first contacted these organizations through informal ties and then got permission from the head of the bureau before we began our observations. We introduced ourselves as researchers (or researchers in training) interested in studying their work environment and the work experiences of the staff members in these offices. During our stay in these offices, we mingled with the staff members, participated in both their daily work routines and informal activities, and we also made ourselves available to help out with office tasks. When the inspection process began, we got permission to go with the staff members to accompany the inspection terms in the inspection process, as all staff members were mobilized to play such a role during this period of time. What is reported below is largely drawn from our participatory observations in these inspection processes.[1]

We should note that, although some instances described below may seem illicit or even illegal from an outsider's point of view, such behaviors are rampant in the Chinese bureaucracy in different arenas, and they are "common knowledge" within the Chinese bureaucracy, known to both supervising agencies and even higher authorities (see Zhou, 2010). They were so common that there was no attempt to hide these behaviors from our researchers or other participants (e.g., villagers, local cadres, or often times inspection team members) in such processes.[2] Similar instances are frequently reported and discussed in research reports in the Chinese literature or in the Chinese media. This side of the Chinese bureaucracy has not been adequately captured in the English literature largely due to, we suspect, the difficulty for foreign scholars to gain access to the actual bureaucratic process.

Information Control as the Contested Terrain: "Sudden Attack" and Its Countervailing Measures

One way to characterize the "inspection and appraisal" practice is that this is an "inspection game" with the inspector on the one side and those being inspected on the other side. Of the many aspects in the inspection game, we first focus on the issue of *information control*. Here information refers to

those items that are pertinent to the specific goals or targets designated for a specific policy or program. For example, in the family planning area, actual fertility rate and accuracy in the report of fertility statistics, among other items, are being scrutinized. In the area of environmental regulation, the reported pollution data or data on water treatment in specific manufacturing sites are being scrutinized in an effort to ensure that information is transmitted truthfully to the higher authorities and that a specific policy target is met.

The role of information has been central in formal organizations and in organizational analysis. Simon's (1947) concept of bounded rationality highlighted the limited capacities of individuals and organizations in processing information. March's (1988) arguments about formal organizations as political coalitions suggest that information can be used strategically by different parties and that implementation is a continuation of decision-making processes with diverse use and interpretation of information. Recent development in the economics of information points to the role of asymmetric information in the formation of principal–agent relationships, contracts, and organizational design (Milgrom & Roberts, 1992; Miller, 1992).

In the inspection game between the inspectors and those being inspected, information is characterized by several attributes: it is strategic, asymmetric, and ambiguous. Information is strategic in that there is an incentive for both parties, especially those being inspected to use information strategically to their advantage. Information is also asymmetric in that one side, the side of being inspected, has more information about the actual state of implementation than the side of the inspectors. Finally, much information regarding the state of implementation is ambiguous; that is, the same piece of information is subject to multiple interpretations (March, 1994). This is the case even when the tasks and evaluation criteria are tangible and measurable, as we will see below.

It is not surprising, then, that information control is the contested terrain in the inspection game. On the one hand, the inspector (representing the higher authorities) seeks true information regarding the implementation of a particular project/policy; on the other hand, the inspected (the subordinate agency being inspected) seeks to make strategic use of information to serve its own interest. The interplay between the two sides in information control provides us with a port of entry to look into the exercise of bureaucratic power and its limitations in organizational processes. In the inspection game, bureaucratic power is exercised through bureaucratic oversight, in the form of direct inspection, demand for information, and performance appraisal. If the bureaucratic power were effective, we should expect that

those exercising bureaucratic power be in a position to adopt effective rules and incentives to delimit the strategic manipulation by the inspected, and they be able to overcome self-serving interpretation of information when information ambiguity arises.

On appearance, the bureaucratic power seemed highly effective in the inspection process. For example, the inspection team, or the supervising agency behind it, decides *at will* on where, when, and how to conduct inspection within its jurisdiction. In some cases, the inspections are routine based, with advanced notice, and with content and location well specified. In other cases, inspections are conducted with only partial information provided to the local government. For example, the local office may be informed of the time of inspection, but the specific location (e.g., village) at which inspection is conducted is not given in advance. The most extreme form is the "sudden attack" strategy, by which the inspection team arrives at a specific site for inspection without prior notice so as to minimize local officials' attempt at manipulation and falsification. The authority in selecting and imposing such coercive means of inspection is indicative of the bureaucratic power in enforcing compliance. The higher authorities may also devise the composition of the inspection teams and introduce cross-jurisdiction mutual inspection by teams led by outside officials from other counties (or regions), with the stipulation that those governments whose jurisdiction ranked at the bottom of the performance appraisal order would be severely penalized. Therefore, there is a strong incentive for the outside inspectors to uncover problems in the inspection process such that their own jurisdiction is not being placed at the bottom of the ranking order. In so doing, the higher authorities introduced lateral competition among local governments to ensure the effectiveness of the inspection process.

However, our observations show that local officials have devised various coping strategies to effectively compromise the inspection process from above. More often than not, bureaucratic power in the inspection process is severely constrained by the very hierarchical structure that regulates information distribution. Below, we move beyond the general notion of "asymmetric information" and probe the specific ways in which information is strategically used and how such practice informs us of the bureaucratic process and the larger social context in which government bureaucracy is embedded.

Let us begin with the "sudden attack" strategy by the inspection team. In the 2007 provincial inspection in the family planning area, as a typical practice, the inspection team arrived at D County in the early morning and did not provide local officials with any information on when and where to conduct the inspection. After breakfast, the inspection team made a phone

call to the headquarters in the provincial government to receive instruction on the exact address of the villages to be inspected. Then, the inspection team got in their own vehicles and drove to the inspection site, without notification to local officials. Upon its arrival, the inspection team blocked the entire village so that the inspectors can visit each and every household and check the presence of children, especially the newborns, against the official fertility records reported by the local government. Violation of the designated fertility rate and false report of statistics were to be penalized severely. All these measures were adopted with the aim to ensure that local government officials would not have prior information about the inspection sites to make special preparations to cover up problems or sabotage the inspection process.

But our participatory observations show that local officials usually have gained an upper hand in response to the tactics of the inspection design. We now describe the different strategies adopted in this process.

First of all, local governments have adopted a wide range of guerrilla warfare tactics, such as surveillance, disruption, and skirmishes, to obtain critical information about the inspection team, their whereabouts, and the destination of their inspection; in so doing, they were able to compromise the exercise of bureaucratic power. For example, shortly after the inspection team arrived at the county government, the membership composition of the team, their vehicle license numbers, and other related information were gathered and transmitted to all township governments whose villages were the likely inspection targets. Every move of the inspection team was under the watchful eyes of the local officials. As soon as the inspection team's vehicles left for their unannounced destinations, they were followed by designated local officials, who watched their every move and turn, and provided minute-by-minute update on the team's whereabouts to those towns and villages on the path of the team's movement. In one instance, the inspection vehicles stopped briefly at the roadside to ask for direction to the village to be inspected. Local officials in the following vehicle learned the information from the informant right away and notified, via cell phone, the officials in the township where the village was located, and mobilizations for quick response ensued immediately. As a result, the effectiveness of "sudden attack" was seriously compromised.

These strategies are widespread across localities. In another province hundreds of miles away, a local township government official described similar scenes:

> [In the family planning area,] there were inspection teams from family planning agencies at county, municipal and provincial levels. When the provincial inspection team came,

> agencies at the municipal, county and township governments would form an alliance in response; when the municipal government came for inspection, agencies at the county and township levels would form an alliance in response. When the provincial inspection team arrived a county for inspection, it did not notify the local government where it would go for inspection. But local governments at different levels were all mobilized to deal with it. Before the inspection team had arrived, officials from the municipal government would notify their subordinate offices in advance: "Make sure that no problems arise in the inspection process … " When the inspection team arrived at the county government, all township governments in the county received notification, and they were mobilized in response. As soon as the inspection team left for a village in a township, there would be phone calls made to that township government and village, with detailed information about the activities of the inspection team, including their vehicle license number, whereabouts, and travel routes, etc. Usually the inspection team arrived at the target village before 8:00 in the morning. So, early in the morning, the village head would send out village cadres to guard all main roads leading to the village. As soon as they saw the sight of the inspection team coming, they would notify the village, and those babies that were born in violation of the family planning regulation were moved out of the village. (Zhou, 2010, pp. 48–49)

Second, even when the inspection team arrives at the inspection site, there is no guarantee that what they see is what it is. It is a common practice for local officials to hide or manipulate information in order to meet the goals and targets set in the evaluation criteria. In one instance, an inspector came to a household and inquired about whether the wife had regularly received physical checkup in the township hospital, as required by the regulation. Then, the inspector double-checked the answer against the official record in the village office. However, as our observer noted: "All these documents in the village office were hastily made up to fool the inspectors, with official stationary, doctors' signatures, explanation, the official seal, and the contact information of the local hospital. The only accurate information in the record was the name of the woman who was alleged to have had physical checkup" (Ai, 2008, pp. 10–11). Another example: one requirement in the family planning area is that there should be a clinic in the village that provides villagers with birth-control devices. But in the village being inspected, there was no clinic at all. On the eve of the inspection, as local officials learned that this village was the likely inspection site, they rushed the equipments to the village to set up a clinic, with made-up records of birth-control device distribution so that it looked as if the clinic had been in full operation.

In the environmental regulation area, we observed similar patterns. On the eve of the state inspection, the prefectural bureau officials went to a local electricity company that was subject to inspection to make sure that the data were prepared for inspection. In fact, these officials were colluding with the company to make up data so as to show that the company followed

the required procedures in the treatment of pollutant materials. As one official coached at the treatment site: "Nowadays the ability of the state inspection team has greatly improved. If you present your fake data like this linear line, they take one look and know immediately that this comes from false data. Such a graph may fool the inspector a few years ago, but not anymore. You need to learn from [another company], they have the graphic that goes up and down, not always stable, so it looks real, not artificially made up." There are mutual learning processes between the two sides. For example, to gain accurate information on the level of pollution, in the previous inspection, the inspectors used energy consumption to measure potential environmental hazard. Local officials learned quickly in their subsequent preparations. This time, they gave detailed instructions to the local firms on how to prepare receipts and other documents regarding their energy consumption (e.g., expense on electricity purchase) so that the estimated environmental hazard would be minimized. Indeed, the inspection process is like a cat-and-mouse game: as higher authorities develop new strategies to seek accurate information, local officials come up with corresponding coping strategies to defeat their purposes.

Third, even when the evidence of policy violation was discovered in the inspection process, accidents mysteriously happened, skirmishes took place, and inspection was disrupted such that the negative evidence disappeared in the confused situation. In one instance, an inspector found a "problem child" (e.g., an unreported newborn baby). Before she could check on the baby's information against the official record, the local cadres "accompanying" her on the inspection tour forcefully took the newborn and his parent away and put them on a vehicle nearby and drove off. All these took place in a matter of a few minutes; as a result, the inspector was left without any physical evidence of policy violation. In fact, the local officials explicitly adopted a strategy of "resolving any problem here and now" at the very locality and time when it first appeared, using all means at their disposal – bribery, alternative interpretations, attention diversion, among others.

Finally, in a larger scheme of things, even the choice of the very inspection site is subject to manipulation. In the province of our research on family planning inspection, the bureaucratic regulation stipulates that those counties that ranked at the bottom of the evaluation by their prefectural governments will be subject to closer scrutiny in the provincial-level inspection. To avoid embarrassment and negative effects on their career mobility, prefectural government officials deliberately chose and picked D County that actually performed well, and put it at "the bottom of the ranking order" so as to direct the provincial inspection team to this county. In so doing, the inspection

process would be likely to go smoothly with evidence of successful compliance. As the head of the county bureau commented: "This is the rule of the game. To the prefectural government, it is important to protect its image and administrative achievement, so it does not want to report to the provincial government the county that really has the worst performance and most serious problems. All counties and prefectures do the same thing – they don't want to expose those ugly spots to the higher authorities" (Ai, 2008, p. 16). In the environmental regulation area, similar strategies were adopted to divert inspectors' attention. In one instance, the bureau head went to the provincial bureau and asked their supervising agencies to direct the central government inspection team to other prefectural areas and succeeded in sparing their region from the official inspection. In the 2008 inspection, the central government inspection team picked four sites for review and inspection. However, the prefectural bureau deliberately arranged the sequence of the four site-visits such that attention would be directed away from the most problematic site. As one local official said to the head of that company: "we will try our best to put your site as the last stop to visit. If they [the inspectors] run out of time, they will not come to inspect at all."

Clearly, by manipulating both the content and location of inspection, local officials are able to weaken and compromise the very purpose of inspection and gain an upper hand in the inspection game. It is not surprising that the exercise of bureaucratic power is severely constrained in the contested terrain of information control. These observations raise further questions: Why have organizational design and incentive mechanisms not succeeded in soliciting truthful information in performance evaluation and induce appropriate behaviors? With this question in mind, we now consider other mechanisms underlying the bureaucratic practice of inspection and appraisal.

"Softening" the Bureaucratic Grid: The Use of Social Relations

In the Weberian bureaucracy, one main source of bureaucratic power derives from rules and regulations associated with formal hierarchical structure, which provides the stable basis for formal authority and the execution of command. However, the higher authority has been unable to curb informal relations in the inspection process. In our fieldwork, we found social relations permeated in every corner of the bureaucratic arena and weaved into every step of the inspection process.

For example, even though the inspection team strived to bypass local officials in the inspection process, most times they could not move around

without the company and direction of the local officials. The villagers, sanctioned by local officials behind the scene, would disrupt the inspection process or even block inspectors from entering their house. As a result, the inspection team, upon arriving at their destination, was typically accompanied by local officials on their inspection tour. This opened doors to carefully constructed interaction, and the cultivation of informal relations, between local officials and the inspection team. The choice of local officials who "accompany" the inspection team was carefully made, as the following instance shows:

> Two days before the Provincial inspection team arrives at the county, a confidential report arrived with detailed information about the composition of the inspection team members and the license numbers of their vehicles. The head of the team was an official from the neighboring city, who happened to have close connections with the family planning bureau in this city … An official at the county office also recognized that another member of the team was his former classmate. (Ai, 2008)

In response, staff members that "accompany" the inspection team were carefully chosen so as to activate the latent social connections in the inspection process. Even without previous social ties, interpersonal relationships could develop fast and become effective. On the inspection tours, our researchers observed that local officials often developed friendship quickly with the inspectors through informal conversations by chatting on hobbies and leisure activities. Intimate social relations then spilled over to smoothen negotiations when problems were discovered in the inspection process. In one instance, the local cadre got along with the inspector so well on the inspection tour that on one occasion she placed a red bag full of cash into the inspector's hand and whispered: "I am in charge of this village and responsible for what happens here. If you find problems, please go easy on me." And the inspector responded: "Oh, why don't you tell me earlier. I know now … ." It is not surprising, then, that when policy violations were found, local officials could negotiate with the inspectors in an informal manner and soften the grid of impersonal bureaucratic rules.

Social relations not only reflect reciprocal, particularistic interpersonal ties but also are ingrained in the deeper cultural expectations and the logic of appropriateness. In the prefectural inspection in the family planning area, the head of the inspection team took a strong, impersonal disposition and tried to keep an arms-length relationship with those local officials whose work was being inspected. She refused to come to the banquet prepared by the local officials, declined their courtesy calls, and insisted that local cadres stay away from the inspection process. She even threatened to call off the entire

inspection if the local officials were to "accompany" the inspectors. Her attitude and behavior, however, were seen as "cold and unreasonable," and met with strong resentment, not only by the local officials, but also by the representative from the prefectural government who came along with the inspection team, and by other members of the inspection team. Judging from these reactions, it is obvious that there is a strong sense of how the inspectors should respond to social relations (host hospitality, the cultivation of interpersonal ties based on alumni, former colleague, or place of origin). Her action and disposition violated the logic of appropriateness based on dense social relations and cultural expectations, hence induced strong resentments. In the end, at the final phase of fact-finding evaluation, the "cold" team head had to compromise and soften her stand on the interpretation of the findings in face of the pressures from all sides.

Why do we observe the pervasive presence of social relations in the bureaucratic practice? One explanation is that social relations play an important role in the management of uncertainty in the Chinese bureaucracy. As Zhou (2010) observed, along with the formalization process in the Chinese bureaucracy, bureaucrats at different levels increasingly face concrete policy targets from above, intensified incentive mechanisms, and competition with other bureaucrats for promotion. The salience of impersonal bureaucratic institutions increases the risks and uncertainty in policy implementation and in the evaluation of their performance. In response to such risks, local officials develop strong social relations to expand their capacity in mobilizing resources in order to achieve policy targets; they also need to cultivate social relations as a safety net in case serious problems arise in their work. For example, in the environmental regulation area, statistics on pollution depend on other measures – such as population size, commercial activities (e.g., number of restaurants) – that are collected by other government agencies. The EPB needs to keep close contact with other agencies so as to make sure that its efforts are successful in meeting the designated tasks. In one instance, the statistics collected by the urban development bureau were inconsistent with those by the environmental bureau. Several EPB officials spent time to entertain the head of the urban development bureau in order to persuade him to revise the statistics provided by his bureau and resolve this inconsistency problem.

As we can see, the strengthening of impersonal rules and incentive mechanisms have accelerated the uncertainty and risks in bureaucratic careers, which ironically increases the demand for social network ties and the need for cooperation and interdependence among officials along vertical authority lines as well as among lateral agencies. Carefully cultivated and

maintained, then, the erosive power of social relations has successfully softened or even melted down the iron grid of bureaucratic rules and procedures.

Shared Experience, Shared Meaning, and Institutionalized Practice

As organizational researchers have well recognized, one important source of bureaucratic power derives from the shared norms and expectations based on long tenures in formal organizations (Clegg et al., 2006; Merton, 1968). Ironically, as we discussed before, shared experiences may also cultivate segmented norms and loyalty, providing the institutional basis of resistance to bureaucratic power. Indeed, one of the recurrent themes in the organization literature is that bureaucratic structures tend to produce segmented interests and turf wars across bureaus, offices, and other organizational boundaries (Wilson, 1989). This is not surprising given that members in an organizational unit (e.g., a bureau or an office) tend to have similar experiences, face similar tasks, endure long hours of working together, and hence develop solidarity with one another. They also face similar bureaucratic power imposed from above, which they must respond to by adopting similar coping strategies. Small wonder that organizational segmentation and boundary tends to induce and enforce institution-based collective response to inspections, thereby serving as an effective countervailing force to resist the bureaucratic power imposed from above.

Consider both the environmental protection bureau and the family planning bureau where we conducted our fieldwork. The staff members in both bureaus work with one another on a daily basis for a long period of time (usually several years). As independent government agencies in the local government, the two bureaus also are self-contained and conduct their daily work within their organizational boundaries. The staff members share similar work experience in carrying out tasks and in response to repeated inspections from above. And their performance evaluation is closely tied to the overall performance appraisal of the bureau as a whole. As a result, subculture and ideology are likely to emerge within these bureaus and among the immediate supervising and subordinating agencies within the administrative system. Take the environmental regulation area as an example. In our fieldwork, we observed intensive interactions between the prefectural environmental protection bureau and their subordinate offices at the county level: they got on review tours together, frequently had lunch and dinner together, and often sat together at various meetings; as a result, they

knew each other very well, including each others' hobbies and family lives. In their working relationships, they treated each other as "sister offices" and shared information and coping strategies in response to inspections from above. In contrast, the prefectural EPB officials saw their relationship with their supervising agency – the provincial EPB – as "businesslike," and felt that there were no close, social relationships developed in between. In this particular case, then, we observed a strong subculture between the prefectural EPB and the county-level EPBs but a clear divide that segments the provincial and prefectural bureaus.

Another important source of segmented identity is the shared cognition and mentality that arise from the cooperative behavior among officials in supervising and subordinate governments. Government officials at different levels play the double role of "inspectors" and "being inspected." For example, when the family planning bureau in the county government receives inspections from prefectural and provincial bureaus, officials in the county bureau are the recipients of the inspection; as such, they collude with the township governments and village cadres in response to the inspection from above. But when they turn around to inspect these same township governments and village cadres in their jurisdiction, they play the role of "inspectors." Because of their strategic location, these officials have richer, more accurate information about the actual implementation processes at the lower level, and they are actively involved in cover-up and make-up in response to inspections from above. On the other hand, they also play the role of inspectors, making sure that the implementation processes at the lower level are on track and on target so as to carry out the required tasks. Often, these two roles change overnight. Our observations of a county bureau meeting illustrate this point well. After inspections from provincial and municipal governments had completed, the county bureau began its own end-of-year inspection. The bureau head held a preparatory meeting for all staff members, and announced different measures for the inspection process. An experienced inspector was invited to give a presentation at the meeting on how to uncover hidden problems in the inspection process. The bureau head emphasized: "We need to take our inspection seriously. The previous inspections (from above) are from outside; now it is our own evaluation. This is real and no falsification or cover-up is allowed." As one staff member commented: "It is really funny that, the day before, he [the bureau head] was coaching us on how to respond to the inspectors from the higher authorities and how to fake data; now he turns around and tells us to treat the inspection seriously and honestly." Here, we observed a clear sense of in-group versus out-group mentality. Facing inspections from above,

bureaucratic offices at different levels form a strategic alliance of in-group in response, the main purpose of which is to minimize the potential damage in the implementation process. Such collusion is institution based, hence it is stable, effective, and enforceable. Within the in-group, however, the authorities do make considerable efforts to get things done so as to minimize the risks in face of inspection and other enforcement mechanisms.

Through these processes of role play, then, local officials acquire a double identity, and understand the rules of the game from both sides. Such experiences and identities provide shared cognition and shared identity among local officials and hence a strong basis of legitimacy for collusion. Indeed, the prefectural bureau used the "violation" record in strategic ways. In their own inspection, the "violation" evidence was used to fine local firms and gain revenue. But facing inspections from above, they would instruct local firms to hide such evidence. More interestingly, in this process the relationship between the supervising and subordinating agencies also undergoes a subtle transformation – from a formal, authority relationship to an informal, cooperative or collusive relationship; accordingly, the hierarchical structure is weakened and patronized.

BUREAUCRATIC POWER REVISITED: DISCUSSION AND CONCLUSION

We began our study with the recognition that formal organizations and the associated bureaucratic power play a central role in modern societies. The goal of our study is to explicate the sources as well as the limit of bureaucratic power. Based on the literature of organization research, we have identified three distinct institutional sources of bureaucratic power – formal authority based on rules and procedures, the capacity of the superiors in designing incentive mechanisms to overcome resistance, and the collective mentality based on shared experiences and identity. Ironically, as we have argued and illustrated in the Chinese context, these very sources of bureaucratic power also set the institutional constraints on, and cultivate the countervailing forces to, the exercise of bureaucratic power. We now summarize and discuss the implications of our findings in organization research.

In contrast to other forms of organizations, the central characteristic of the Weberian bureaucracy is the formal authority embedded in rules and procedures. Bureaucratic power derived from such hierarchical structures

generates stable, predictable organizational behaviors that carry out the administrative fiats from above. In this ideal type, command and communication are carried out impersonally and according to the organizational design of information flow and reporting lines, thereby achieving efficiency in organizational processes. As we have shown, however, the very rules and regulations tend to induce particularistic social relations in the Chinese bureaucracy. That is, the coping strategies adopted by the local officials have cultivated strong social relations, across bureaus and across authority levels, such that they soften the grid on the iron cage of bureaucracy. In the case studies presented here, we found that social relations play an active role both within the bureaucracy across different levels, and between the bureaucracy and the external environments, as seen in their interactions with villages or local firms under inspection. The prevalence of social relations greatly weakens the bureaucratic power based on formal rules and formal authority. In this regard, our observations are consistent with the recurrent themes in the earlier sociological studies of bureaucratic behaviors in organizations (Blau, 1955; Crozier, 1964; Selznick, 1949).

In the recent organization literature, a great emphasis is placed on the role of incentive designs to overcome the resistance of the agents and align their interests with the goals of the principals. Bureaucratic power is partly based on the capacity of the higher authorities to elicit desirable behaviors from below by organizational design, especially in terms of promotion and other career concerns. The "inspection and appraisal" practice can be seen in this light. Behind this practice we see incentive designs that reward compliance and penalize those behaviors that deviate from state policies or administrative fiats. Unfortunately, as we have shown, incentive designs often fail miserably. Take, for example, the widely-adopted "one item veto" mechanism. As we have argued, the increased incentive intensity has ironically induced collusions among local officials in order to avoid the severe penalty associated with problems in the implementation process. In a centralized and elaborate bureaucratic state like China, any incentive design by the central authority cannot fit all circumstances, and its effect is likely to dissipate at the lower level. Moreover, when designed inappropriately, incentive designs may have detrimental effects on the local officials, and induce those collusive behaviors that compromise the effectiveness of the incentive design and hence undermine the bureaucratic power.

Our study also raises issues about the role of organizational isomorphism in the literature. In market societies, as DiMaggio and Powell (1983) argued,

there is a trend of organizational isomorphism driven by the increasing institutional pressures from the larger, external environment that induce organizations in the same environment to adopt similar structures and behaviors in compliance with legal rules or normative expectations. In the Chinese context, we observed a significant decoupling between formal compliance and behavioral response to the rules and expectations imposed by the top-down process. Our study has identified organizational bases for such strategic alliance. The very bureaucratic hierarchies often cultivate segmented norms and expectations based on shared experience and work environment within local boundaries, thus providing strong but divided identities for strategic alliance among bureaucrats. As a result, bureaucratic power may be significantly compromised by the very hierarchical structure of the bureaucracy. In the Chinese context, at times we do observe highly effective top-down processes of bureaucratic mobilization, with severe consequences. More often than not, however, bureaucratic organizations are characterized by considerable boundaries and divides, which allow effective bureaucratic resistance from below.

We illustrated the key arguments by drawing on the empirical evidence of two case studies of inspection and appraisal practice in the Chinese bureaucracy. We acknowledge that the empirical evidence presented here is sensitive to the specific contexts and particular processes that we have observed; therefore, our findings and discussions are suggestive rather than definitive. Our purpose here is to take advantage of the case study methodology to elucidate the analytical issues, identify the underlying mechanisms, and illustrate our key theoretical arguments. We do not intend to generalize our findings in these case studies to other arenas or other organizational processes in the Chinese bureaucracy. We do think that the issues and the patterns revealed in our case studies are consistent with other narratives and observations reported in the media and in the larger research literature. This is not surprising because the active role of the central authority in the Chinese bureaucracy tends to adopt similar policies and develop similar incentive designs, thereby inducing similar bureaucratic behavioral patterns and organizational failures in other settings. One way to interpret the observed patterns is that there are institutional constraints that set limits of the bureaucratic power exercised through formal authorities; another interpretation is that the bureaucratic power at the lower levels is successful in resisting the higher-level authorities.

In our fieldwork, we observed an interesting pattern that the inspection processes become more serious and under closer scrutiny as the level of

inspection moves downward. In the environmental regulation area, for instance, the 2008 provincial-level inspection in Y City lasted for 15 days with serious scrutiny, and incurred contentious confrontations in the inspection process. In contrast, the inspection from the central government in the same city lasted for only a few days. Even those local officials who had prepared so much for the inspection felt disappointed by the loose inspection by the central government team. We found similar patterns in the family planning area, where the provincial-level inspection was much looser than that conducted by the prefectural inspection team. Therefore, we observe two different images: in one picture, great efforts are mobilized to sabotage the inspection process and render the inspection ineffective; in the other, the threat of inspection has also prompted the local bureaucrats to take serious, compliant actions in order to minimize the risks to their careers. In so doing, the threat of such inspection and its consequences seem to have induced, to a considerable extent, compliance with the designated policies. The intricacies and balance of interactions between these contentious forces remains to be further studied.

At the beginning of our discussion, we identified two distinct meanings of bureaucratic power: one refers to the power exercised within the bureaucracy, while the other is exercised by the bureaucracy upon other organizations and social groups. Although this study focuses on the bureaucratic power within government organizations, the implications of our findings apply to bureaucratic power vis-à-vis society. The presence of social relations and the segmented cognitions across bureaucratic levels are likely to generate diverse bureaucratic practice in implementation such that considerable flexibility and adaptability exist among the street-level bureaucrats. As a result, we expect that the exercise of bureaucratic power be considerably constrained and compromised by the social mechanisms in the larger societal context. Indeed, our field observations found the presence of strong, pervasive social relations in the interactions between local officials and those in villages and local firms. We suspect that social relations and divided identities in the Chinese bureaucracy are mirror images of the interorganizational relationships in the larger societal context. We do not mean to suggest that bureaucratic power is a fiction in the Chinese bureaucracy. At times, bureaucratic power can be extremely effective and relentless in mobilization and implementation in a specific policy area. However, our study tells a cautionary tale about the limits of bureaucratic power in modern societies. Only by specifying the mechanisms and institutional conditions under which bureaucratic power is exercised can we strengthen the analytical power of social science models of power.

NOTES

1. Unless otherwise indicated, all the quotes below draw from our fieldnotes based on participatory observations.
2. Our researchers were excused from those occasions when formal bargaining took place between local officials and the inspection team after problems were uncovered.

ACKNOWLEDGMENTS

This research is in part supported by the Center for East Asia Studies, Hewett Faculty Fund, and the Presidential Fund for Innovation in International Studies, all at Stanford University. Earlier versions of this paper were presented at the Workshop on Public Administration in Zhongshan University, China, June 2010, and in a conference jointly organized by the Macroeconomics Institute under NDRC and the China Program of Stanford University, September 2010. We thank the participants at these meetings and the editors of this RSO volume for their helpful comments.

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LIST OF CONTRIBUTORS

Yun Ai	National Institute of Social Development, Chinese Academy of Social Sciences, Beijing, China
Vibeke Vad Baunsgaard	Department of Business Administration, Aarhus University, Aarhus, Denmark
Katherine K. Chen	Department of Sociology, The City College of New York and the Graduate Center, The City University of New York (CUNY), New York, NY, USA
Stewart Clegg	Centre for Management and Organization Studies, University of Technology Sydney, New South Wales, Australia
David Courpasson	EM Lyon Business School, OCE Research Center, Ecully, France
Neil Fligstein	Department of Sociology, University of California, Berkeley, CA, USA
Damon Golsorkhi	Grenoble Ecole de Management (GEM), Grenoble, France
Brooke Harrington	Department of Business and Politics, Copenhagen Business School, Frederiksberg, Denmark
Andrea Hill	Department of Sociology and Anthropology, Northeastern University, Boston, MA, USA
Hong Lian	Department of Sociology, Peking University, Beijing, China

Doug McAdam — Department of Sociology, Stanford University, Stanford, CA, USA

Thomas Medvetz — Department of Sociology, University of California, San Diego, CA, USA

Mike Reed — Cardiff Business School, Cardiff University, Cardiff, UK

Jeffrey J. Sallaz — Department of Sociology, University of Arizona, Tucson, AZ, USA

Sarah A. Soule — Stanford Graduate School of Business, Stanford University, Stanford, CA, USA

Steven P. Vallas — Department of Sociology and Anthropology, Northeastern University, Boston, MA, USA

Xueguang Zhou — Department of Sociology, Stanford University, Stanford, CA, USA