

Dual Systems of Urban Villages: Autonomy and Informal Governance Mechanisms of Yuan Village in Guangzhou

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Abstract Implementing demolition and transformation policies in urban villages is essential for effective urban governance. However, these villages possess distinctive governance models and entities that set them apart from general urban and rural communities. This study examines the autonomous “informal governance” process in Guangzhou's Yuancun urban village through a case study approach. It investigates the formation mechanisms of the “dual system”. The study underlines the significance of grassroots innovation and the Chinese Communist Party's role in attaining governance autonomy. Despite the government's aim to integrate urban villages into the urban governance system, persistent challenges arise from these unique models and entities. The Village Company plays a pivotal role in promoting stable governance through participatory practices and economic advantages. Resolving the complex issues in urban villages necessitates integrated economic, political, and social solutions. Empowering the Village Company to handle specific public affairs can facilitate the transition towards the modernization of grassroots governance.

Keywords: • local government • urban village • governance mode • dual systems • China

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1 Introduction

The transformation of urban villages has emerged as a prominent phenomenon in China, captivating increased attention (He & Wu, 2007; Li, Lin, Li, & Wu, 2014; Liu, Li, Liu, & Chen, 2015). As the basic urban management unit, the community is the focus and key point of social governance modernization in China. Promoting community construction is inherent to China's social governance in the new era. The urban village community is a unique organizational form in the urbanization process and the most typical grassroots economic and social community entity (Lin & Wang, 2021). Urban villages, or “villages in cities”, are closely associated with China's distinctive urban-rural system (Zhao, An, Chen, & Tao, 2021), regional entities with a distinctive urban-rural dual structure.

Realizing the effective governance of urban grassroots has always been a concern of academia. To promote the transformation from “village governance” to “urban governance”, local governments have issued the “village withdrawal and restructuring” policy. In 2002, Guangzhou issued *Suggestions on the Reform of “Villages in Cities”*, requiring the reform of urban villages in Guangzhou by withdrawing the original village committee, establishing a new neighborhood committee, reorganizing the original village committee, and establishing a joint stock limited company to undertake the original village committee’s economic functions.

However, governance failure emerges endlessly in urban village communities, which have far more complex community governance problems than urban or rural communities. A plethora of problems plague urban villages, chief among them being insufficient infrastructure, social unrest, and environmental degradation (Wu, Zhang, & Webster, 2013). The urban village is the product of China’s rapid urbanization and transformation from a traditional rural society to an urban one. Urban villages have neither wholly separated from the rural social system nor fully integrated into the urban social system, presenting a mixed social form in which both urban and rural social elements coexist. As such, they face more complex and severe governance situations than cities and villages.

In light of these issues, this study employs a case study methodology to delve into the complexities of “informal governance” and the dynamics of the “dual system” within the context of urban village communities. Its primary objectives are to unravel the mechanisms contributing to forming the dual village governance system, offer insights into its complexities, and identify implications for effective public management.

By examining the interplay between formal and informal governance systems, this study aims to enhance our understanding of urban village governance and provide policy recommendations to improve governance effectiveness, ultimately

promoting sustainable urban development.

2 Literature review

The urban village is a unique social form in China's urbanization, a transitional community mixing urban and rural society (Liu, He, Wu, & Webster, 2010). An urban village is an area surrounded by cities that retains the distinctive characteristics of a rural society (Pan & Du, 2021). Certain rural enclaves have been assimilated into the urban fabric through agricultural land usurpation, developmental measures, and re-engineering of the urban village's physical structure (Altrock, 2009; Altrock & Schoon, 2011). Its essence is that of "a farmer village in an urban citizen society" (Yan, Wei, & Zhou, 2004).

The practice of autonomy in urban villages is a complex process, so exploring and summarising the grassroots autonomy pattern and experience is necessary to provide governance ideas for the government. Up to now, there have been three main research orientations of urban villages in the academia:

The first is to explore the connection and integration process with cities in urban villages' system, subject, and space, including reforming the governance system and citizenizing villagers. Urban villages face the challenge of integrating rural and urban well-being and governance (Tian, 2021). At the same time, urbanization has caused drastic changes in villagers' lives, customs, behaviors, and ideologies. The government's primary task is to focus on villagers' sustainable lives in urban villages and promote their transformation from villagers to citizens (Wei & Yan, 2005).

The second task is to focus on collective property rights in urban villages. The contradiction between the expansion of a collective economy and the urbanization process is growing sharper in urban villages in China, gradually becoming a factor restricting the development of urbanization. Some scholars point out that the essence of urban villages is an interesting problem, noting that the collective property rights system reform process is adjusting the interests of various subjects (Huang, Zheng, & Pan, 2013). Some scholars emphasize the political significance of collective property rights in urban villages, as they enable the establishment of autonomous mechanisms; however, collective ownership also hinders the integration of community infrastructure, governance, and tax systems between cities and urban villages (Shi, Lamb, Qiu, Cai, & Vale, 2018).

The third priority is to focus on the relationship between neighborhood and village committees and discuss the transfer between the former's administrative functions and the latter's economic functions when restructuring urban villages. Some scholars point out that former village committees still oversee urban villages' social, economic, and administrative affairs after restructuring (Zhou & Yan, 2009;

Yin, 2021). To establish an urban-rural integration system, local village and suburban village governments kicked off the transformation from village committee to neighborhood committee. However, many urban village or suburban village committees do not disappear with the establishment of neighborhood committees; the two organizations begin to coexist, with the original village committee and existing residents' committees running independently without a subordinate relationship, leading to autonomy alienation problems and restricting the development of a “village change” community. Other scholars have further pointed out that the original village committee practice of “uniting politics and economy” is not sustainable, will prevent village-level organizations from performing their functions well, and will negatively affect various organizations' governance capacity (Hu & Chen, 2021; Huang, 2013). However, some scholars discuss the rationality of collective economic organizations in urban village governance based on the practice of rural governance (Heng, 2021; Qu & Sun, 2018; Gao & Hu, 2004).

In summary, scholars have long paid attention to urban villages' autonomy practices but have failed to analyze their dynamic processes or summarize their autonomy characteristics and connotations. Thus, effectively explaining the internal logic of urban villages' governance practices is difficult.

Withdrawing the village and restructuring its system into an urban village is integral to bringing the urban village into the urban governance system. However, the urban village still takes the original village committee as its main governance body, reducing the effectiveness of government efforts at promoting urban governance over village governance. Urban villages' governance subjects and modes have unique patterns and characteristics that differ from those of general urban and rural communities, which the rural politics and urban community autonomy model cannot explain.

Therefore, the paper adopts the case analysis research method to analyze dynamically the interactive process of governance subjects in Yuan Village in Guangzhou City and discusses the logic underlying its community governance autonomy. In what areas and aspects of autonomy is this grassroots governance? In particular, under the leadership of the Chinese Communist Party (CCP), how much authority does this autonomy model have? What types of such innovations exist in grassroots governance? By summarizing the autonomy pattern and characteristics of urban villages, this study helps to enrich the governance theory of urban villages, promote the transition of urban villages, and realize the modernization of grassroots governance.

3 Theoretical perspectives and the backgrounds of the case study

3.1 Theoretical perspectives: Informal governance

Informal governance is a non-standardized, non-institutionalized way of decision-making in which social relationships are crucial (Döringer, 2021). Informality manifests as a set of relationships outside formal organizations and legal procedures, epitomizing emotional and non-organizational characteristics (Wei, 2010). In decision-making, informality is reflected in the avoidance of the public, formal decision-making procedures, and organizational rules, with the ultimate choice left to individuals' judgment. On the other hand, informality is seen when individuals or organizations bypass formal avenues and directly seek the patronage and protection of individuals or departments (Xu, 2006).

In the domain of grassroots governance, informality serves as a self-regulating mechanism for grassroots society. The underlying rationale for these informal arrangements is generally aimed at remedying issues and countering the inherent inflexibility of formal administrative structures (Spaans & Zonneveld, 2016). Generally speaking, informality primarily focuses on maintaining social stability and order, with goal attainment as a secondary objective. The formation of informal governance structures in grassroots societies typically occurs independently from the state's formal power structure, using community, village or organizational resources and relying on the collective strength of organizational members to manage social affairs. Informal governance's salient characteristics include its spontaneous nature, grassroots orientation, and capacity to address specific needs and problems promptly while maintaining high flexibility and adaptability in handling various issues. The deeply ingrained cultural and historical tradition of informal governance in Chinese grassroots societies plays a pivotal role in the formation and progress of Chinese society. Chinese grassroots societies are home to numerous civic organizations, village self-governance organizations, and similar groups that have positively impacted community life and social governance. The interplay between formal and informal regulations is the fundamental model for grassroots governance.

The "informal governance" concept provides a valuable framework for analyzing urban village community governance due to the significant presence of informal institutions, often rooted in social traditions, cultural practices, and vernacular thinking. These institutions work with formal establishments to create a self-governance system within urban villages. "Informal governance" highlights the importance of social forces beyond the government in regulating social behavior and interactions within urban communities through informal institutions, customs, and social capital. Formal governance practices are evident as the government governs urban villages through external administrative authority and policies to integrate them into the urban governance system. However, the "vernacular social

atmosphere” engenders informal governance practices, such as village companies, to compensate for the lack of an actual governance body using the “business-run community” approach, drawing on their economic and social capital resources. Consequently, villagers in urban villages cement group closeness and cohesion through shared economic agendas and internal social capital mechanisms, leading to potential conflicts between formal and informal institutions. Hence, exploring the impact of informal governance on urban village governance subjects and patterns remains paramount.

3.2 The case study of Yuan Village in Guangzhou

This article presents a case study from 2021 to 2022, primarily focusing on utilizing participatory observation as the research methodology. For one month, the research assistants immersed themselves in the everyday operations of a village corporation in Yuan Village, Guangzhou. This immersive approach facilitated a comprehensive understanding of the informal governance mechanisms and the functioning of the dual system. The utilization of participatory observation, encompassing interviews, seminars, meetings, and document analysis, resulted in the collection of rich and contextually relevant information. Incorporating these qualitative methods ensured the study’s findings were valid and reliable. By closely observing the daily operations of the village corporation and supplementing this with interviews, discussions, and document analysis, this study significantly enhances the research questions' transparency and comprehensiveness.

Yuan Village Street is one of the 45 urban villages within the developed area of Guangzhou, located in the south part of Guangzhou’s Tianhe District. Yuan Village Street was first built in July 1960, consisting of the Yuan Village and Chengjie Village areas designated by Dongpu Town. With the accelerated urbanization, the original villages were gradually included in the urban scope. In 1995, Yuan Village Street began administering Shidong Village of Dongpu Town. In 1999, the village reformed the withdrawing villages. Currently, Yuan Village Street administers 14 community neighborhood committees and one village restructuring company.

The grassroots government in this paper mainly refers to the Yuan Village sub-district office, the CCP subdistrict working committee, and other organizations affiliated with the CCP and government system. In the sub-district office, the secretary of the CCP working committee is responsible for contacting Shidong Industrial Co., Ltd., whose CCP Committee is responsible for the direct leadership of the street CCP Committee. The remaining leadership members are responsible for contacting the 14 neighborhood committees, which are directly under the jurisdiction of the neighborhood sub-district office.

The “Village Company” mentioned in this article refers to the Shidong Industrial Co., Ltd. (also known as the Shidong Economic Association), established after the restructuring of the original village committee. In 1951, several natural villages in the east of Shipai Village formed Shidong Township, later renamed the Shidong Production Team; in 1986, it was renamed as Shidong Village Committee. Shidong Village includes five natural villages: Chengjie East Village, Chengjie Village, Yuan Village, Tan Village, and Jiazi Village. The main surnames of the villagers are Li, Xian, Zhong, Yao, and Li. In 1995, Shidong Village in Dongpu Town was administered by Yuan Village Street. In June 1999, based on Shidong Village’s urbanization process, the Shidong Village villagers’ committee was abolished and established as the Guangzhou Shidong Industrial Co., Ltd. (hereafter the Shidong Company). The Shidong Company and the owner of collective assets established the Shidong Stock Economic Association, with the Shidong Company as its operating organization. Thus, *the Economic Association’s and Shidong Company’s boards of directors are the same, “two brands, one set of people”* (H, the legal representative of Shidong Company, 20220106A). There is no essential difference between the two, and the Shidong Company can also be called the Shidong Economic Association. The Shidong Company has ten stock cooperative economic cooperatives, and its primary source of economic income is property leasing. Its board of directors and CCP committee are Shidong Village’s leading institutions.

3.3 Main actors in the governance of Yuan Village

The following takes Guangzhou Yuan Village as an example to discuss the interaction process of the subjects in the village in the urban village autonomy in the transformation process.

3.3.1 Grassroots government

To improve urban villages’ governance efficiency, grassroots governments guide and standardize the restructuring of member villages through formal norms and administrative authority, leaving sufficient autonomous space for them to maintain stability during their transformation.

However, the grassroots governance pattern of the Yuan village is one of limited, not absolute, villager autonomy, with villagers and village companies having autonomy space in the village’s economic and public affairs fields. To guide and assist urban villages’ autonomy process is to intervene in rural governance in specific ways to realize their social interactions, fulfill their governance responsibilities, and reflect the control of the state. Specifically, Yuan Village’s grassroots government realizes “limited control” through the CCP’s leadership and cross-appointment mechanisms.

One way grassroots governments can build order in urban villages is through the CCP's leadership mechanism. After the withdrawal of the village restructuring, the Village Company established the CCP Street Working Committee, whose secretary, Yang, was responsible for contacting the Shidong Company and realizing the Street CCP Working Committee's leadership over it. In addition, the Village Company needs sub-district office approval to provide public services to villagers, following the "four discuss and two make public" mechanism in making major decisions. The Village Company committee makes its suggestion and then consults with the board of directors, the results of which will be discussed at the CCP meeting. Only when the higher-level CCP organization (i.e., the Street Working Committee) approves can a shareholders' or shareholders' representatives' meeting be held¹. In this way, urban villages can be prevented from completely breaking away from local government control, ensuring the government is "present" in the autonomy process. Another way to reflect grassroots government leadership in urban villages is to cross-appointment. For example, the head of the sub-district office's armed forces department is also one of the Village Company's leadership members. He is not elected by the villagers and represents the sub-district office's will when the company is making major decisions. These two mechanism arrangements clearly show the relationship between the government and the restructured company during the restructuring transition period.

3.3.2 Village company

The Village Company (the Shidong Industrial Co., Ltd., also known as the Shidong Company or Economic Association) was established after the "village withdrawal and restructuring". Per the village reform design, collective economic organizations can, based on Company Law requirements, establish a collective asset management company, manage and operate collective assets, and implement the "separation of government and enterprise". After restructuring the village, the Village Company separated the original village committee's administrative and economic functions, assigning the former to the Yuan Village Street office and the newly established neighborhood committee and the latter to the Village Company². This institutional arrangement was intended to strengthen the Village Company's enterprise function and market subject status and promote the urban village's economic development.

However, "in the actual autonomy of the Yuan village, the Village Company after the restructuring is not only an economic entity, but also reflects the color of the villagers' self-governing organization, that is, *the Village Company also needs to provide public services for the villagers of the Yuan Village* (H, a Shidong Company employee, 20220106B). Although the Village Company is a company, it does not pursue simple economic goals but maximizes relative profits to protect villagers' interests.

The Village Company's function in providing public services is reflected in its institutional setup and personnel management. The Village Company has six offices (including the CCP committee office, administrative office, family planning office, and public security management office) responsible for its internal and community public affairs management³. As shown by its institutional setup, the Village Company implements a semi-hierarchical management mode with a noticeable "transition" character.

It is practically rational that the Village Company is in charge of the villagers' welfare affairs. First, although it is a joint-stock enterprise, it does not issue cash or social shares to individuals or collectives other than Yuan Villagers. Shareholders' and villagers' dual identities have a high degree of unity, and the company's and villagers' interests are highly integrated⁴. Thus, the cooperative shareholding system provides the possibility of assuming the village's public affairs functions. Second, *"the board of directors of the economic association also has a geographical or blood relationship with the villagers, so the collective economic organization itself has the responsibility to share the social functions of urban villages"* (H, a Shidong Company employee, 20220106B). Collective economic organizations need to consider the two functions of promoting community economic development and providing public services and decide the company's and village's major internal matters using two decision-making mechanisms—the board of directors and the shareholders' general meeting⁵. Therefore, the planned "separation of politics and economy" system has become, in practice, "the integration of politics and economy" system in urban villages. The urban villages' development needs determine the Village Company's "enterprise-run society" mode, giving it a certain practical rationality.

3.3.3 Neighborhood committee

In 2002, with the implementation of the "village withdrawal and restructuring" in Guangzhou, 14 neighborhood committees were set up in Yuan Village. Although these committees' rules and regulations are no different from those of general urban communities, their functions are very different.

In Yuan Village, the neighborhood committee was set up by Guangzhou policy, a measure designed to absorb the Village into the urban governance system. As a community autonomy arrangement, neighborhood committees are determined by the national macro system, not the urban village community, meaning *"the neighborhood committee has no "foundation" in the actual community development, and the external formal system cannot be well coupled with the practice of urban villages"* (H, a Shidong Company employee, 20220106B).

The neighborhood committee's function is relatively limited in the urban village.

First, as it has no community foundation within the urban village, it cannot connect with villagers effectively and has no mutual interests; thus, it lacks the economic, political, and social resources needed for governance. Second, because the neighborhood committee is busy with administrative affairs, such as tasks and indexes issued by the sub-district street office, it cannot act well as an autonomous organization. Third, the urban village's acquaintance society value concept and collective economic system make villagers seek the Village Company's help rather than the neighborhood committee's when facing security, welfare, educational, cultural, or other difficulties.

The neighborhood committee's main responsibility is the community's civil affairs work, which involves rules-based connections with local government, *"such as the application of social security, which needs the neighborhood committee to serve as a bridge between the sub-district street office and the residents to handle the business"* (L, Cadre of the community, 20220106C). Because some of its work (e.g., family planning, urban management, comprehensive treatment) involves villagers, the neighborhood committee needs the Village Company's assistance, as it has more resources in the urban village, such as population census, rental house management, and nucleic acid investigation. The neighborhood committee's actual autonomy management function is limited.

3.3.4 The villagers

Most of the Yuan Village's population is floating, in line with the typical characteristics of urban villages. However, the community's core is villagers with a stronger sense of existence; migrants only regard the village as a place to live and do not have a strong sense of belonging. In addition, compared with migrants, villagers, especially those owning stock in the Village Company, have more say in the public services it provides.

The autonomy space for villagers' action is a social relationship network based on blood, geography, and a collective economic company that fully represents villagers' common interests. In theory, urban villagers were transformed into urban residents after the change. However, villagers' ways of thinking and behaving in urban villages follow their original rural logic, with an obvious rural nature. *"Moreover, the core of the shareholding reform in urban villages is the allocation of equity, and the vested interests the villagers most care is the basic living guarantee and equity dividends after the reconstruction of urban villages, that is, the development of the Village Company is related to the vested interests of the villagers after the restructuring"* (H, Shidong Company's legal representative, 20220106A). This economic relationship, based on public interest, and social relationship, based on blood and geography, make villagers rely more on village companies than on the resident committees set up after the reform: *"The villagers*

will make decisions on village affairs related to their interests through the shareholders' meeting" (A, villager, 20211212).

While villagers are no longer traditional farmers since the reform, the urbanization process has not broken down social communications based on primary social relations such as geography or blood. Urban villagers' behavior preferences and thinking modes are still in the "village governance" stage and have not adapted to the government's institutional arrangements for restructuring urban villages.

4 Dual systems: Logical mechanisms of the governance in Yuan Village

Despite over ten years of community urbanization, urban villages still retain a lot of "village governance" logic. For example, at the economic level, the Village Company's collective economic nature determines that it is not only an independent legal person but also provides public services for villagers. At the political level, the village's leadership transition and villagers' vote actions are political. At the social level, the villagers still follow the action logic of the social acquaintance trust mechanism based on kinship and geography.

4.1 Economic level

At the economic level, the reform of urban villages has changed their land from agricultural to non-agricultural⁶. The institutional attributes of collective land ownership made the Village Company the villagers' agent at the economic level, and the villagers changed from depending on the land to depending on their Village Company shares. The Village Company carries out large-scale land capital operations, and farmer agents engage with the market collectively, realizing the interaction between the urban village's internal and external markets through intermediaries and establishing a relatively perfect market system. Developing a collective economy has improved Yuan Village's ability to manage public affairs. At the same time, because of the share divide system, the Village Company enhances its organization through the collective economy.

Joint landholding has dramatically increased the urban villages' collective dividend, making it an essential income source for many unemployed villagers. The Village Company's share dividends provide economic security in villagers' lives, increase the cost of unemployed villagers leaving the village, make the relationship between villagers and the village collective more challenging to split, and increase villagers' identification with and dependence on the Village Company, forming a relatively closed village. This closure increases the connection between the Village Company and the villagers, enhancing the Village Company's rights in the village and the villagers' cohesion and organization. The Village Company's shareholding dividend model, its responsibility for the villagers' social welfare, and the village's blood- and geography-based culture

have shaped this closure, further strengthening the personal attachment relationship between individual villagers and the Village Company.

The Village Company's development is based on land collectively owned by the villagers, who derive income from the Village Company through land shares. Therefore, from an economic perspective, the Village Company's responsibility to the villagers comes from its innate collective economic attribute, which determines that it is both an independent legal enterprise and a public service provider. This is the economic root of the Village Company's economic and social functions.

4.2 Political level

The Village Company's large-scale land management yields abundant economic resources, significantly affecting villagers' daily lives and the village's political map. At the political level, "village governance" logic is mainly reflected in the Village Company's leadership transition election and the villagers' voting.

The Village Company's leadership change election does not follow the enterprise's general rules. First, it follows a "one person, one vote" model, not a "one share, one vote" one. Villagers elect shareholder representatives, who elect the Village Company board of directors, its leadership organ, at the shareholders' representative meeting⁷. Thus, it can be seen that although the Village Company has been restructured into a joint-stock company and the villagers have become shareholders, the "one person, one vote" system continues the election method of the village committee period, turning the economic shareholders into voters of political meaning. Next, the sub-district office leads the Village Company's leadership transition. It is carried out at the same time as the community's "two committees" transition, with both elections directed and supervised by a transition-leading group set up by the sub-district office⁸ and generally led by the CCP Working Committee's secretary⁹. The Street sends a work guidance group to the village restructuring company to supervise and guide the election process¹⁰. The Street does not intervene too much in the Village Company's leadership election but plays a leading role in maintaining the election process' order and stability through the symbolic significance of "presence". Initially, the change in company leadership was an internal matter, but grassroots governance was needed to maintain electoral order, following the same procedure and method as the original village committee's transition.

Yuan Village's economic development fundamentally affects villagers' public participation mode, awakening their interest consciousness. An essential way for villagers to protect their economic interests is to participate in elections. Villagers mainly participate in two types of voting. The first is to elect the shareholders' representatives and form the shareholders' congress. The second is to elect the

economic society's chief¹¹, who is responsible for the villagers, manages the economic society's collective assets, and represents the villagers' interests in negotiations with the Village Company's board of directors. The economic society itself has an economic meaning; its leading group reflects the villagers' economic demands and negotiates with the Village Company in their interests, which objectively has political meaning. Villagers reflect their preferences through elections, voting for shareholders' representatives and the board of directors based on their economic interests. On the other hand, villagers converge through the shareholders' meeting and congress to form an autonomous collective action and decide on significant events in the urban village. The election process in member villages is both economic and political, differing greatly from those in general urban communities.

4.3 Social level

In 2002, the urban villages reform plan announced that "villagers in urban villages become citizens". However, although the Yuan Village villagers have become citizens, only their identities have changed; their ideology, lifestyle, behavior, and social relations have not changed through urbanization, and there are many differences between them and urban citizens.

Although the institutionalized practice of village reform affords the villagers a civic identity, thus changing their identity from the village level to the national, the substantive connection with the nation is still weak. Since the restructuring, Yuan Village has been under sub-district office jurisdiction and has set up a residents' committee, but villagers still turn to the collective economic company when in trouble. Villagers' space for autonomous action is based on blood- and geography-based social relationship networks and a collective economic company that fully represents their common interests.

The villagers in the urban village have lived a group life there for a long time, shaping a social trust mechanism for acquaintances based on blood and geography. Through long-term, repeatable game interactions, villagers consistently form collective, regionally-bound action groups within the urban village. After the land joint-stocking, urban village collective dividends increased sharply, becoming an important source of income for many unemployed villagers and providing economic security for villagers. The collective Village Company undertakes most community functions, making villagers and the village collective relationship more challenging to split. The villagers still strongly identify with and depend on the village collective.

The "village in the city" rural management system has been gradually decomposed in the urbanization process. However, due to the continuity of rural grassroots management, the Village Company has gradually assumed part of the original

village committee's social management functions against the background of "separation of government and enterprise", forming a new community linked by the collective economy. The traditional village has realized reorganization through system reform and the collective economy's development and expansion, creating a new organizational form with the collective economic company as its core.

5. Characteristics of dual systems' governance in Yuan Village

Community governance in urban villages is complex. Unlike the general form of urban community autonomy, the urban village community's autonomy centers on the Village Company and villagers' participation in its board of directors election. This autonomy model is one of economic autonomy based on collective land ownership.

5.1 Autonomous power: Mainly economy, supplemented by politics

In the case of Yuan Village, it can be seen that the operation mechanism of urban village autonomy is simultaneously shaped by economic, political, and social logic, with the former two constituting the urban village's autonomous power.

With the development of a collective economy, villagers in urban villages began to focus on managing and distributing public goods and resources in the community, gradually enhancing their independence and autonomy. This interest consciousness based on the village's economic development made villagers actively participate in Village Company and economic society elections to safeguard their interests. The election process continues the election rules and forms of the village committee, but its connotation is to strive for economic dominance, mainly to compete for public resources and goods distribution in the village. Villagers start with their own economic interests and participate in Village Company elections, objectively facilitating their identification with the Village Company, giving it legitimacy to carry out community construction and giving political significance to the economic election process.

The withdrawal of the village reform changed the Village Company from a political community organization to an economic one. The Village Company has become the villagers' economic agent, with the right to manage the village's collective property. Therefore, the villagers elected Village Company leadership more in line with their economic interests, deconstructing the political significance of the election process; that is, although the Village Company continues the original villages' "five years for once" and "one person one vote" election rules, the content of the election transfers it from the village's public management to the company's economic management.

However, villagers, economic societies, and village companies, either for

individual or family/clan interests, negotiate their economic interests in the election process, attaching political sense to the election of economic management power. In short, while the Village Company election is political in form, it is economic in essence.

5.2 Connotation of autonomy: Driven by economic interests and lack of public spirit

Building a community and cultivating its public spirit are key to modernizing community governance. However, the value connotation embodied in the current practice of member village autonomy may be far from the modern community public spirit because economic interest primarily drives villagers' participation in elections. In urban villages, it retains this original traditional participation motivation. The "political rules and economic essence" election mechanism ultimately protects the economic interests of individual villagers rather than public interests. From this perspective, the transitional character of the Village Company's organizational structure can be highlighted.

The Village Company mainly uses the village's collective property to pay for or run relevant public services. However, the economic society's property is more closely connected with individual villagers and is used mainly for the villagers' economic society dividends¹². Economic societies play an important role in conveying their economic interests and villagers' demands to the Village Company. As a smaller economic unit in the urban village, an economic society is less public. The connection between an economic society and the whole urban village is more closed because the economic society only focuses on villagers' economic interests, whereas the Village Company provides public services and goods for the whole urban village. However, the Village Company's need to manage community affairs prioritizes the villagers' interests.

When village companies use their economic resources to provide public services or goods to urban villages, they can better care for villagers' needs, which has a "positive external effect" on the migrant population. However, the requirements of urban villages' limited number of rural inhabitants supersede those of the greater transitory population, thereby requiring the majority to conform to regulations established by the minority, to the detriment of modern communities' democratic spirit.

5.3 Dual systems' evaluation: Village governance logic is obvious, while city governance logic is insufficient

Village withdrawal and reform are essential to bringing villages into the urban governance system. However, embedded external administrative orders with an "urban nature" may not align with the strong "local nature" of urban village

governance practice. Restructuring member villages abolished village committees, their economic functions assumed by newly established village companies and administrative functions by newly established neighborhood committees. While neighborhood committees, as the embodiment of the national will, have a *de jure* governance role in urban village communities, in practice, village companies are at the heart of member village governance. Due to their limited resources and involvement with villagers' interests, neighborhood committees' community affairs functions in urban villages are limited, focusing more on migrants. Meanwhile, village companies objectively perform a community construction function by providing public goods and services to villagers.

It can be seen that the effect of the government's promoting urban villages, from "village governance" to "urban governance", is not ideal. Fundamentally, Yuan Village is included in the urban scope for administrative reasons, not to meet the village's development needs. The external authoritative order formed by government intervention cannot become a continuous driving force for urban villages' and communities' development. The result of changing the community system's reliance on non-market means is limited management by local government; the governance of urban villages still follows the logic of rural governance at the economic, political, and social levels. Therefore, the government gives more policy guidance and political control in urban village transformation. Under the CCP's leadership, some autonomous power is left to the city, allowing enough space to transfer the "village" into the "city". Urban villages' governance subject is to explore the innovation mode suitable for their transformation based on their economic and social resources.

However, the urban village governance model does not feature complete and absolute village autonomy but grassroots governance within a limited range of autonomy, mainly restricted to developing the community's economy and providing public goods, based on economic autonomy through collective land ownership. Given the cost of transformation and governance, local governments respect the habits of urban village governance and promote the transition of urban village communities to urban communities with the help of local resources and the assistance of village companies. Highlighting the innovative nature of the urban village governance process, village companies use their increased economic strength to develop "local government guidance and village collective cooperation".

6 Discussions and conclusions

Enterprise community management, or "corporate-operated community," effectively maintains order in urban villages and addresses autonomy and informal governance challenges. Despite urbanization improvements, the government struggles to fully integrate these villages into urban management, resulting in a

lack of control (Altrock & Schoon, 2011). In urban villages with weak formal governance, the enterprise-operated community approach uses village companies' economic and social capital to compensate for governance gaps, allowing representatives to make and manage community decisions effectively. An advantage is the alignment of economic interests, motivating villagers to maintain order and stability. Village companies' influence helps mediate conflicts, enforce regulations, and satisfy urban village needs. The enterprise-operated community approach acknowledges existing informal power structures and customs, promoting comprehensive community governance. Village company representatives collaborate with these informal networks to facilitate decision-making and ensure smooth operations. In summary, the enterprise-operated community approach effectively maintains order in urban villages and tackles autonomy and informal governance challenges. Using economic incentives and informal power structures, village companies' representatives' influence creates a cohesive system where autonomy and informal governance can harmoniously coexist.

Yuan Village has entered the city geographically, and its thorough economic, political, and social urbanization is the inevitable result of its development as an urban village. However, urban villages' problems are real and complex. Local governments constantly revise or release governance rules to standardize urban villages' transition. However, there is no good plan in some areas, and many problems need to be solved, such as the development prospect of village companies and the internal communication gap in urban villages. To achieve urban village communities' complete transition, governments should not concentrate solely on the system but also seek transitional measures in economic, political, and community fields. To that end, they tend to delegate power to urban villages (while emphasizing the CCP's leadership), enabling village companies to lead villagers and gradually explore the community's specific public affairs.

The transformation of urban village society, while a marginal grassroots social governance problem, is also a microcosm of China's social transformation. Chinese society is still in the transformation stage of urbanization, and the process has not been fully realized. How to realize the connection between urban and rural areas, enhance urban villages' integration and mobilization abilities, and promote the modernization of national governance capacity are all issues to explore.

From a global perspective, we can learn from Indonesia's experience in dealing with urban village issues. Indonesian tourism villages have successfully implemented recovery strategies following the COVID-19 pandemic, relying on stakeholder involvement and government support. Of particular note is their emphasis on enhancing institutional capacity and promoting multi-stakeholder collaboration (Nasution, Rahmanto, Handoko, & Mayarni, 2023), offering the following insights: the involvement of all parties is crucial to Chinese urban

villages' sustainable development, and urban villages can promote community development by effectively utilizing funds (Sarifuddin, Madani, & Fatmawati, 2022). Overall, Indonesia's governance model, centered on participation and cooperation, offers significant guidance for China's handling of urban village issues.

This study significantly advances our understanding of China's urban institutions and policies. Previous research has focused on urban system differences without exploring their specific nature and extent. While this broad conceptual approach has contributed to a broad understanding of urbanization, it lacks depth and detail. In contrast, this study offers a fresh interpretation of urban institutions and policies by examining community governance and autonomy in urban villages. It identifies the core role of non-governmental actors in urban village development, complementing the existing literature, which primarily focuses on broader trends and differences in China's urban system, neglecting its depth and specificity. Notably, this study's community autonomy framework offers significant policy implications for transforming urban villages and promoting sustainable development. Thus, it is vital to our understanding of China's urban institutions and policies, particularly for decision-makers seeking to establish fair and inclusive urban policies.

This research explored urbanization challenges in developing countries, using China as a case study. It aimed to identify commonalities in experiences, policies, and strategies that could be applied in similar nations facing rapid urbanization, leveraging China's experiences to enhance their national governance and development strategies. Focusing on developing nations is crucial due to shared issues like infrastructure development, socio-economic disparities, and environmental degradation. Overall, this research contributes to the academic community by broadening understanding of urbanization challenges and facilitating knowledge exchange and policy transfer between nations for sustainable development.

Notes:

¹ Guangzhou Shidong Industrial Co., LTD., 2021: Articles of Association of Shidong Stock Cooperative Economic Association, Yuancun Street, Tianhe District, Guangzhou City.

² General Office of 2002 CPC Guangzhou Municipal Committee and General Office of Guangzhou Municipal Committee of Guangzhou Municipal People's Government: Several Opinions on the Reform of "Villages in Cities" (Guangzhou Office No.17,2002).

³ 2008 Guangzhou Shidong Industrial Co., Ltd.: Compilation of Guangzhou Shidong Industrial Co., Ltd., System.

⁴ Guangzhou Shidong Industrial Co., LTD., 2021: Articles of Association of Shidong Stock Cooperative Economic Association, Yuancun Street, Tianhe District, Guangzhou City.

⁵ 2001 CPC Guangzhou Tianhe District Committee, Guangzhou Tianhe District People's Government: Basic Provisions of Rural Joint-stock Cooperative Economic Organizations (No.7,2001).

- ⁶ 2001 CPC Guangzhou Tianhe District Committee, Guangzhou Tianhe District People's Government: Basic Provisions of Rural Joint-stock Cooperative Economic Organizations (No.7,2001).
- ⁷ Guangzhou Shidong Industrial Co., LTD., 2021: Articles of Association of Shidong Stock Cooperative Economic Association, Yuancun Street, Tianhe District, Guangzhou City.
- ⁸ 2019 Guangzhou Municipal People's Government: Guiding Opinions of Guangzhou Municipal People's Government on Strengthening the Management of Rural Collective Economic Organizations (No.11,2019).
- ⁹ Source: 2021 Fangcun Sub-district Office, Tianhe District, Guangzhou: "Work Plan of the Community" Two Committees.
- ¹⁰ Agriculture and Rural Affairs Bureau of Tianhe District, Guangzhou, 2021: Work Guide to the Election of the Board of Directors of Tianhe District Restructuring Company (Economic Association).
- ¹¹ Guangzhou Shidong Industrial Co., LTD., 2021: Articles of Association of Shidong Stock Cooperative Economic Association, Yuancun Street, Tianhe District, Guangzhou City.
- ¹² 2014 Guangzhou Tianhe District People's Government Office: Financial Management System of Guangzhou Tianhe District Village Reform Company".

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