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“One Street Two Systems” – Chung Ying Street: an Institutional Theoretical Analysis of the Drivers of Success

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STATEMENT OF ORIGINAL AUTHORSHIP

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Dr. Terence Kwai Yuen Ma

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SYNOPSIS

The objective of this research is to provide insights into the working and institutionalisation of Chung Ying Street at the border between Hong Kong and Shenzhen, which represents a rather unique phenomenon where two different economic systems are operating under the same political regime.

The research was conducted in Shatoujiao (also known as Sha Tau Kok in Cantonese), Shenzhen, on the border between Hong Kong and China. The 250 metres long Chung Ying Street is divided by eight stones that serve as the boundary between Hong Kong and Shenzhen. Before 1st July, 1997, one side of the street was controlled by the Communist Party government of China, while the other side was under the rule of the British government, and yet the whole street followed Hong Kong’s Western business model. The street was recognised as a “treasury street” as it was viewed as a loophole of sorts in an otherwise curtained country. This empirical qualitative study seeks to find answers to the following questions using a qualitative case study methodology:

1. How does institution theory explain the phenomenon of the Chung Ying Street, Shenzhen, China?

2. How do interactions proceed between people (actors) in the street, who are named as villagers, shop managers, community leaders and government officials? What are the differences between and similarities of those interactions, that is, the economic activities under the Communist and the Capitalist governments of mainland China and the Hong Kong Special Administrative Region, which was a member of the Commonwealth of Nations?

3. Which model from institutional theory and which variables are most important in explaining the success of Chung Ying Street?

In relation to the first research question, the main streams of institutional theories are explored. The researcher found Elinor Ostrom’s (2008) Institutional Analysis and Development (IAD) framework to be the most suitable theory to analyse the phenomenon of the Chung Ying Street.
For Question 2, this research finds that the actors have different attitudes and perceptions regarding the reasons for the overall economic success of the street. The differences between two political regimes are also analysed and summarised for easy reference and interpretation.

The answer to the third question, as revealed by this research, suggests that the Western capitalist business model adopted and institutionalized within a closed economy of a curtained country for decades is the key to the success of the street.