

Subordinates or Partners: Government-Nonprofit Relationships in Public Service Delivery in China

Yijia Jing Yanhong Chen

School of International Relations and Public Affairs

Fudan University



Background and Question

- Government-nonprofit relation (GNR) has been evolving in China.
- One major force of change is increasing service contracting between governments and nonprofits.
- How will increasing contracting shape government-nonprofit relations?

Framework


- **The double-effect of Contracting**

- Dependence effect

- In the Western Countries, it has been concluded that increasing contracting may reduce nonprofit autonomy by building resource-based hierarchical relation.
- In China's case, this may be true as the government has been increasingly aware of the use of financing to “softly” manage the growing nonprofit sector.

- Empowering effect

- Nonetheless, there is also potential that by shifting to market-based and competitive means of financing, contracting will afford more equal government-nonprofit relation (GNR).
- This is specially potential in the China context as previously nonprofits were basically GONGOs and were directly connected to governments in organizational and financial aspects.

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- Environmental factors
 - China's social regulatory environment has been changing but only incrementally.
 - Nonprofit organizations are getting more diverse in their social capital.
 - Again, there seems double-effect of these factors.
 - Consequently, the study examines the effect of government contracting, as well as the effects of environmental (political & social) factors, on GNR in China

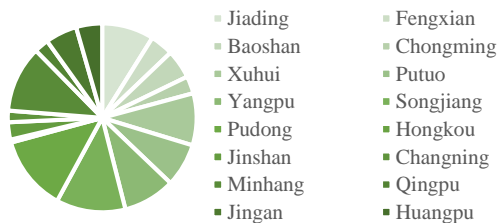
Methods and Data

Data Source

- 1) A questionnaire survey released by Shanghai Community Service Center in June 2017
 - 250 nonprofit leaders responded
 - 80.8% are valid (202 retained for further data analysis)
- 2) Basic information disclosed on Shanghai Administration Bureau of NGOs official website
- 3) Archive material: bidding documents, proposals, and contracts

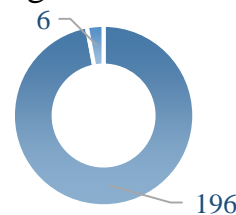
What do they look like?

- 1) Cover all 16 districts of Shanghai

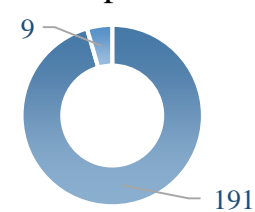


- 4) Average age of organizations: 7.7 years, vary from 1 to 30

- 2) 97% gained contracts from government



- 3) 95% gained contracts through a competitive process

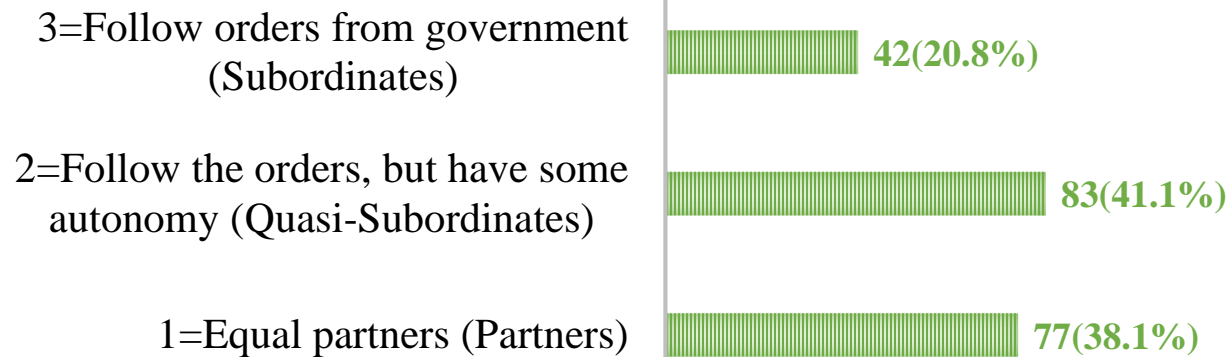


- 5) Average size of organizations: 19 full-time staff, ranging from 1 to 760

Dependent Variable

Perceived Government-Nonprofit Relationship (GNR)

“Which of the following best describes your organization’s relationship with government?”



Hypothesis and Models

Dependent
Variables

Perceived Government-Nonprofit Relationship

Independent
Variables

Political Connection

- Registration status
- Administrative levels of business supervisory agency
- Party membership of organization leader

Financing Structure

- Proportion of government grants
- Proportion of contracting revenue
- Proportion of donation revenue

Social Networks

Working experiences

- Prior working experiences in nonprofits
- Prior working experiences in public sector
- Prior working experiences in private sector

Network-based service delivery

- Depth of cooperation with other nonprofits
- Depth of cooperation with public sector
- Depth of cooperation with private sector

Control
Variables

Organizational Conditions

- Age of organization
- Size of organization
- Gender of CEOs
- Activeness in service innovation

Descriptive Statistics

Category	Variables	Definition	Mean	Std. Dev.	Prediction
Dependent Variable	Perceived government-nonprofit relationship	3=subordinate; 2=quasi-subordinate; 1=partner	1.83	0.75	
	Registration status	1=dual registration; 0=direct registration	0.34	0.48	+
Political Connection	Administrative level of business supervisory agency	3=city level; 2=district level; 1=town, street level	1.74	0.66	-
	Party membership of organization leader	1=the leader is party member; 0=no	0.55	0.50	+
Financing Structure	Proportion of government grants	=government grants/total revenue in 2016	0.18	0.33	+
	Proportion of contract revenue	=contract revenue/total revenue in 2016	0.64	0.40	-
	Proportion of donation revenue	=donation revenue/total revenue in 2016	0.03	0.10	-
Social Network	Prior working experiences in nonprofits	1=yes; 0=no	0.13	0.34	-
	Prior working experiences in public sector		0.43	0.50	+
	Prior working experiences in private sector		0.28	0.45	-
	Depth of cooperation with other nonprofits	5=quite a few times; 4=many times; 3=normal times; 2=few times; 1=basically no	3.52	0.97	-
	Depth of cooperation with public sector		3.61	0.77	+
	Depth of cooperation with private sector		2.85	1.10	-
Organizational Condition	Age of organization	number of years being established	7.70	4.6	+
	Size of organization	number of full-time staff	19.73	64.38	-
	Gender of CEOs	1=male; 0=female	0.45	0.50	-
	Activeness in service innovation	5=quite a few times; 4=many times; 3=normal times; 2=few times; 1=basically no	3.92	0.79	-

Findings

	Linear Regression	Ordinal Probit	Ordinal Logit	Generalized Ordinal Logit 1 vs 2,3 1,2 vs 3	
Political Connection					
Registration status	0.0604	0.106	0.195	0.224	0.224
Administrative levels of business supervisory agency	-0.198**	-0.345**	-0.605**	-0.670**	-0.670**
Party membership of organization leader	-0.0739	-0.114	-0.0776	0.441	-1.398***
Financing Structure					
Proportion of government grants	0.727***	1.283***	2.182***	2.504***	2.504***
Proportion of contract revenue	-0.00112	0.00460	-0.0195	-0.0478	-0.0478
Proportion of donation revenue	-0.0207	-0.0780	-0.0506	-0.0964	-0.0964
Social Networks					
Prior working experiences in nonprofits	0.184	0.308	0.551	1.530**	-0.546
Prior working experiences in public sector	-0.0812	-0.154	-0.272	-0.294	-0.294
Prior working experiences in private sector	-0.311**	-0.578**	-1.027**	-0.956**	-0.956**
Depth of cooperation with other nonprofits	0.0321	0.0537	0.0841	0.131	0.131
Depth of cooperation with public sector	-0.0935	-0.153	-0.296	-0.267	-0.267
Depth of cooperation with private sector	0.0215	0.0398	0.0862	0.0324	0.0324
Organizational Conditions					
Age of organization	0.0155	0.0269	0.0471	0.0620*	0.0620*
Size of organization	0.000881	0.00146	0.00230	0.00217	0.00217
Gender of CEOs	-0.115	-0.216	-0.369	-0.784*	0.459
Activeness in service innovation	-0.246***	-0.460***	-0.784***	-0.878***	-0.878***
_cons	3.207***			5.135***	3.312***
N	202	202	202	202	

Conclusions

1. Contracting shows no clear influences on promoting partnership between government and nonprofits in China compared to Western Countries, probably due to its offsetting effects.
 2. The existing social regulatory system still exerts important but complicated influences on GNR.
 3. Though the adoption of service contracting has not changed the status of embedded development, nonprofits have begun to learn to use their social networks and service innovation to seek more autonomy from market.
- Hence role change from subordinates to partners can only happen in a stepwise manner due to the stickiness of other parts of the institutional environments.