

CAUSE ANALYSIS OF *VOLUNTARY FAILURE* OF CHINESE NON-GOVERNMENTAL ORGANISATIONS

Kong Linggang

Key Research Institute of Yellow River Civilization and Sustainable Development, Henan University,
475004, Kaifeng, Henan, CHINA

ABSTRACT

Non-governmental organisations (NGOs) are one of the important forces for building a moderately prosperous society in multiple ways. However, due to the backwardness of social concepts, the imperfection of social systems, as well as the immaturity and limitations of NGOs, the development of Chinese NGOs has not been able to meet the requirements of building a moderately prosperous society, and *voluntary failure* frequently occurs.

Keywords: NGOs; voluntary failure, Social Systems.

INTRODUCTION

The *voluntary failure* of NGOs refers to the functional and efficiency defects of NGOs in satisfying the diversified social demands and providing public goods and services due to inefficient resource allocation and non-public value orientation caused by their organisational behaviours that deviate from the voluntary public welfare mechanism (Salamon, 2002). Although Chinese NGOs have developed rapidly in recent years, their strength is still relatively weak, relevant systems remain to be improved, and voluntary failure frequently occurs.

Current Situation

According to Zhong (2018), as powerful voluntary organizations pursuing public welfare, non-governmental organizations (NGOs) do not belong to a specific government department and they mainly safeguard public interests of the public by providing public goods and services. Chinese NGOs can be divided into 4 types. NGOs of the first type are initiated by the government. NGOs of the second type are spontaneously organized or initiated by enterprises, such as Global Village of Beijing . The third type refers to specific non-profit institutions. NGOs of the fourth type are international NGOs in China, such as the Ford Foundation (Beijing office). In the current stage, Chinese NGOs are developing rapidly, flourishing in various industries or fields, and playing a key role as the “third hand”. Managing public and quasi-public affairs of the society, NGOs are committed to solving people’s livelihood problems involving the actual interests of the public in many fields such as science, education, culture, health, sports and environment. Due to the government failure in providing public goods, the government has begun to re-examine its public management behaviour and is gradually transferring some functions to social organizations, greatly facilitating the development of NGOs and gradually diversifying the social governance structure. NGOs play an increasingly important role in the social, economic and even political fields, with their governance structures being improved day by day.

By 2019, there are more than 800,000 social organizations in China, 12,000 of which are nationally identified voluntary service organizations, and more than 100 million volunteers have registered in the National Volunteer Service Information System. Since 2011, the growth rate of Chinese NGOs has increased year by year, with the growth rate exceeding that of GDP

for 3 consecutive years, which reflects the good momentum of the current prosperous development of Chinese social organizations.

LITERATURE REVIEW

History of Chinese NGOs

Development Background

Liu (2012) indicated that the number of Chinese social organizations increased by nearly 24 times during the 12 years from 1978 to 1990. In the 1990s, the development of NGOs entered a new climax. Chinese NGOs have experienced expansive development, with the number of which growing from 11,000 in 1990 to 800,000 in 2018 (China Development Brief, 2018). Moreover, NGOs have been remarkably improved in terms of organizational size, activity area and social impact.

Economic Background

Since the reform and opening up in 1978, China's economic environment has undergone earth-shaking changes (Liu, 2012). The transition from a planned economy to a market economy is bound to exert an influence on the development of NGOs. According to most studies, the transformation of China's economic sector is a critical factor driving the development of NGOs. Due to the diversified social demands under the market system, citizens have developed diverse, secular and individualized independent ideology. The enhancement of citizens' independent consciousness enables them to freely form and participate in various social organizations, which is conducive to the survival and development of NGOs.

Political Background

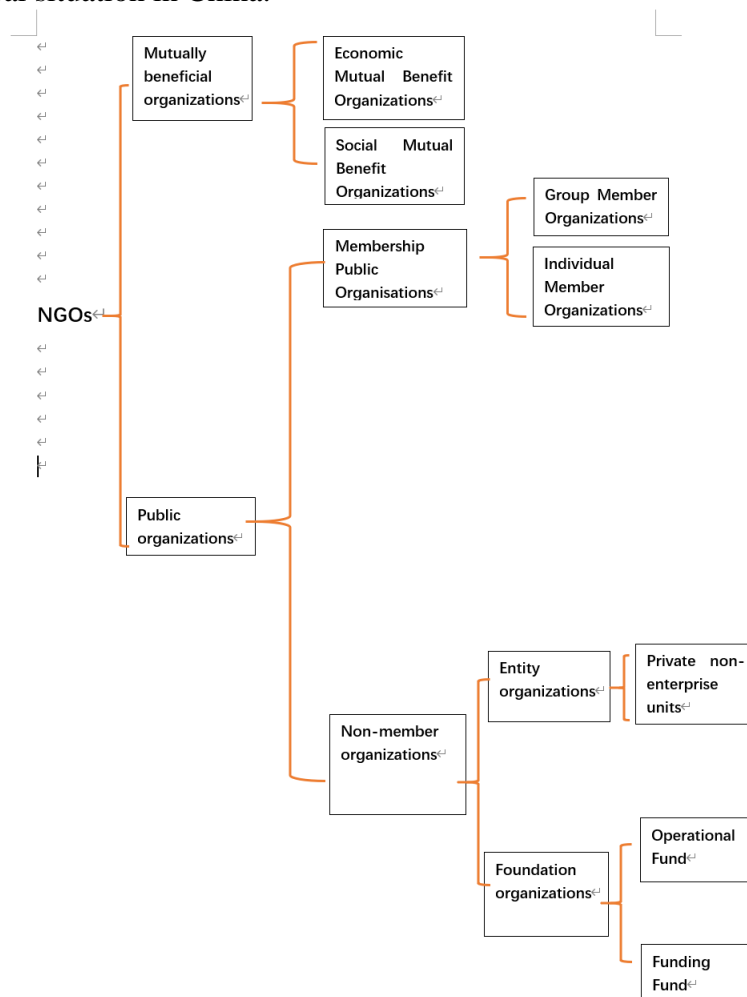
After the reform and opening up, on the one hand, the Chinese government began to emphasize the legal system and the rule of law, the right for citizens to form organizations freely has been guaranteed to a considerable extent, and citizens' application for the establishment of non-political organizations is no longer restricted (Liu, 2012). On the other hand, the government continues to deepen institutional reforms, the transfer of government power as well as the separation of government and enterprise and the separation of government and society have promoted the formation of NGOs. In addition, the government's functions are no longer management-oriented but service-oriented, laying a political foundation for the formation of a relatively independent civil society.

Globalization Background

Liu (2012) indicated that with the increasingly deepened globalization, the global civil society and organized cross-border social movements greatly affect the development and operation of the civil society in China. To participate in global competition, we must take an active part in international civil society organizations and form our own NGOs. Zeng (2005) specifically pointed out the role of the network during such a process. The network puts the development and growth of the Chinese civil society in the macroscopic background of globalization. Through the dissolution of power and authority as well as the extension of individual rights, the network not only helps citizens get rid of the shackles of traditional social relations and conceptual paradox, but also stimulates and strengthens the subjective consciousness and rights consciousness of the social members. The virtual space created by the network has thereby become a fertile ground for the civic spirit and citizenship consciousness to grow, serving as a brand-new platform and a broad spiritual space to construct the Chinese civil society.

NGOs classification specific in China

According to Tang and Zhou (2010), based on the distribution of the members, NGOs can be divided into local, national and transnational ones. Based on the objects served, NGOs are classified into “mutually beneficial” ones and those for “public good”. NGOs are also divided into membership organizations and non-membership ones. Moreover, according to the origin of NGOs, they can be divided into 3 categories: government-run, government-civil and grassroots NGOs. Based on the above classification methods, according to the classification requirements, Cheng and Ma (2008) proposed a new classification framework per the practical situation in China.

**NGOs classification framework specific in China (Cheng and Ma, 2008)****Methodology**

A literature research helps researchers learn about the history, current situation, and problems related to the topic; and form a general impression of the research object, which contributes to observation and visit. This study is mainly use secondary data as it can be accessed easily. Data has been collected from previous study and research.

Findings***Social Concepts***

Non-governmental organisations, as a borrowed term, is still a relatively unfamiliar concept for most Chinese people. Ren and Liu (2008) indicated that with an extremely limited understanding of NGOs, most Chinese people are not aware of the importance of NGOs and

have even developed misunderstanding of NGOs. When speaking of NGOs, many people tend to think of the pressure groups and anti-government organisations in Western countries. For some government officials, NGOs, which are unable to accomplish anything but are liable to spoil everything, can limit and intervene in their power. These social misunderstandings have brought certain obstacles to the development of NGOs in China.

According to the Beijing Volunteer Association (2006), from the perspective of the public, the Chinese civil society is still far from being formed, and the preparation in terms of modern social values and cultural concepts is still insufficient. The NGOs are supported by a profound cultural background in Western societies (e.g. the universal civic awareness, the concept of self-government and rule of law, the contractual spirit and the charity spirit compatible with the market economy). Meanwhile, such cultural background and tradition are absent in China. Moreover, in the process of rapid social transformation, the old social value system and moral ethics have been greatly impacted. The money worship and egoism brought about by the development of the market economy are quite rife and rampant, and the social value system is completely distorted, resulting in severe inadequacy of the volunteerism, charity spirit and participation awareness, which are indispensable for the development of NGOs. Moreover, according to the Chinese historical tradition, the government has always been the only authority, while the social forces are so minimal that they can almost be neglected (Wu, 2019). For a long time, the government has been the only administrator in society and the only provider of resources. Affected by such a management model, the public has subconsciously formed the concept that the government is the only authority, taking a strongly sceptical attitude towards the legality of the existence and activities of NGOs. The long-standing tradition of nationalism in China has also led Chinese people to subconsciously believe that the public welfare cause is a responsibility that should be shouldered entirely by the state and has nothing to do with the public. Individuals' senses of public welfare are immensely inadequate in China, which is in stark contrast with the developed Western countries. Furthermore, since NGOs are developing rapidly in the market economy system, extensive and detailed publicity of NGOs failed to be carried out in time. Consequently, not aware of the service operation mechanism and purposes of NGOs, the public doubts the purposes and motives of NGOs and do not believe in their ability to solve problems.

Then, based on investigation carried out by Bai and Zhou (2010), from the perspective of government agencies, the Chinese have always believed that the government, under the leadership of the Communist Party of China, is the representative of the interests of all people, and there is no need for other organisations to represent the interests of the people, which ignore the general law based on which the government and power are operated. Government agencies under the planned economic system have formed the concept that the development of NGOs will affect the ruling foundation of the Communist Party of China, which will affect social stability. Class struggle has been taken as the key link for a long time, which regards NGOs as those who hold different views from the government. As a result, having been regularly ostracised in both political life and social life, NGOs are considered as troublemakers in the government. In particular, the Chinese are completely doubtful of, and antagonistic to foreign NGOs. Even today, most NGOs are only allowed to carry out activities outside the political realm. As NGOs have achieved certain development with the progress of reform, the government has changed its attitudes and concepts towards NGOs. However, influenced by *government-running organisations*, Chinese government agencies still hold to the traditional concept that NGOs are subordinate departments and organisations of the government, insisting that NGOs should follow the government's orders rather than go their own way. In particular, since the activities of NGOs will affect local interests, the awareness of local government

agencies to take strict precautions against NGOs has never been diminished. The NGOs are still unable to participate effectively in social problems regarding government behaviour. Finally, governments and NGOs have different understandings of the concept of participation, which affects the quality and scope of participation of NGOs.

Social Systems

Ren and Liu (2008) mentioned that NGOs featuring institutionalised operation in a modern sense are a new concept for China. Without any historical experience to learn from, the Chinese government is still in the primary stage of exploring how to effectively manage NGOs. The current social system, which is far from meeting the development needs of NGOs, limits the extent and scope of NGOs in bringing their role into full play.

First, the existing management system lags behind. China currently implements a dual management system for NGOs, that is, NGOs are managed by both the registration management agency and the business administration agency. The civil administration department is the statutory registration management organ of NGOs, and NGOs must obtain the approval of the competent organisation before applying for registration with the registration management agency. However, only the party and government institutions and the units entrusted by the party and government institutions are qualified to serve as the competent organisation of NGOs. In this way, NGOs become the subordinate bodies of the competent organisation. This dual management system has obvious defects in actual operation. First of all, unclear management responsibilities, buck-passing, and ineffective management are likely to occur. On the one hand, the civil administration department, which is a relatively weak sector in China, has limited ability to obtain resources and weak capacity in monitoring and evaluation as the statutory registration management organ of NGOs. On the other hand, these government sectors have their own primary services to offer, so they have little energy or are reluctant to supervise and manage the affiliated NGOs. Second, it limits the expansion of NGOs. If an NGO wants to be established and obtain legal status, it must find a competent organisation. There are certain qualification restrictions on being such a competent organisation, and many qualified units are not willing to take responsibility. Third, not all NGOs are under management. Since NGOs applicable to the dual management system are legally established NGOs registered with the civil administration department and managed by a competent organisation, many *underground* NGOs are not under management.

Second, relevant laws and regulations remain to be completed. To develop healthily and rapidly, NGOs must carry out their activities on a sound legal track. Currently, many problems for Chinese NGOs are caused by incomplete laws and regulations regarding the management of NGOs. Facing a large number of diverse NGOs in all walks of life, China has only formulated the following laws and regulations: Regulation on the Administration of the Registration of Social Organisations, Interim Regulations on Registration Administration of Private Non-Enterprise Units, and Regulations for the Management of Foundations and Law of the People's Republic of China on Donations for Public Welfare. Designed for certain types of NGOs, these are only laws and regulations targeted to solve specific problems, while an overall law concerning the management of all NGOs has not been made yet. More importantly, there are neither effective and reasonable regulatory laws and regulations nor evaluation mechanisms for NGOs, which makes it impossible for the management agencies to reasonably select the superior and eliminate the inferior. Consequently, qualified and unqualified NGOs are intermingled, damaging the reputation and credibility of real NGOs.

Immaturity of Chinese NGOs

According to the research done by the China Institute for Reform and Development (2006), the development of NGOs in China has a special history. After the founding of New China, the state government took charge of all social affairs, resulting in a small number of social organisations. With the reform, NGOs came into being, but their establishment is mostly related to the will of the government. At the same time, some grassroots organisations have also emerged, but their power is small, and the organisational structures are extremely incomplete. There is a big gap between these organisations and real NGOs, and they still have a long way to go to achieve maturity.

First, hardly independent, most Chinese NGOs are government-run, featuring strong administration and integration of government administration and social management. Many of the currently available NGOs in China were separated from the original government agencies or public institutions after being dismantled and merged by the government. Many NGOs are affiliated to government sectors, and some NGOs have even become the administrative bodies of government sectors. In terms of the management system, Chinese NGOs are still learning from and inheriting the government administration system. Therefore, Chinese NGOs are strongly official and semi-official. When it comes to actual work, instead of being independent as they are supposed to be, most Chinese NGOs are still led by the government. Without independence, it is difficult for NGOs to play their due role. Government sectors often use NGOs to perform some of their functions and regard them as their subsidiary bodies, leading to nepotism and interdependence between NGOs and the government, which are difficult to get rid of. Such integration of government administration and social management is an important institutional factor that restricts the development of most Chinese NGOs.

Second, with poor representativeness, low public trust, distorted behaviours and weak service awareness, Chinese NGOs are unable to truly speak for social interest subjects. There are massive NGOs in China, but both the qualified NGOs and unqualified ones are mixed. Many NGOs lack internal governance structures as well as supervisory and control mechanisms. *Non-profit* is one of the basic characteristics of NGOs, but some Chinese NGOs are actually engaged in profit-making activities. Some NGOs violate national laws by being involved in illegal fundraising and unlawful profit-making. With general chaos in bookkeeping, some NGOs are often blamed for corruption, and a small number of NGOs even collude with criminal groups to engage in criminal activities. Due to the existence of a few scums, Chinese NGOs, without sufficient social credibility, can no longer represent social interests.

Third, Chinese NGOs are characterised by poor ability to take relevant actions, chaotic internal management, absent functions, insufficient development funds, inadequate human resources, and weak overall capability. NGOs currently enjoy a low status in Chinese social life. Due to social treatment, economic income and survival, it is difficult for NGOs to attract outstanding talents. Without professional knowledge, skills and abilities, some full-time personnel are not equipped with the talents required for managing and constructing social organisations. Most Chinese NGOs have weak operational capabilities and limited abilities in mobilising resources, so, they can only raise funds within a small scope.

Limitations of Chinese NGOs

Nothing is perfect, everything has its own insurmountable limitations, and NGOs are no exception. The NGOs, as special social components, fail to bring their functions into full play because of their limitations.

First, NGOs are confronted with contradictions in property rights. In a general sense, the funder is the owner of the property rights. However, due to the special nature of NGOs, regardless of their funders, their property rights should belong to the society and be supervised by the society. However, in reality, the following two situations often occur. The first situation is related to the control of property rights. When most funds of an NGO come from a small number of subjects or even a single subject for a long time, the donor is likely to form an inertial constraint on property rights and propose certain interest demands towards the NGO. Since funds are the lifeblood supporting the operation of NGOs, NGOs are likely to be financially dependent on the donors, and thus, are unable to refuse the donors' interest demands. Under such circumstances, NGOs often deviate from their public welfare goals in order to cater to the willingness of donors. The second is about virtual property rights. When the funds of an NGO come from countless scattered individuals, these scattered donors are often unwilling to question the use of funds because they are not provided with such opportunities or because the amount of donations is too small. Consequently, the property rights are unbound, and the NGOs possess excessive powers over the use of funds, which leads to the arbitrariness, inefficiency or non-public nature of their resource allocation.

Second, NGOs have *double natures*. Folk nature (non-governmental) and non-profit are the two basic characteristics of NGOs. Nonetheless, in reality, NGOs are often governmental and for-profit. The so-called *governmental* contains meanings at two levels. On the one hand, NGOs are attached to the government sectors and supported by government funds, thereby having to comply with government orders. On the other hand, as the size of the organisation expands and the complexity of management increases, the organisational structure, operation management and personnel composition of NGOs tend to approach those of administrative agencies and bureaucratic systems, thus becoming what the masses call the *second government*. The so-called *for-profit* refers to the fact that NGOs, driven by economic interests, conduct market activities by means of substantial economy, not to solve the funding problem but to maximise profits.

Third, the nature of being organised has a negative effect. Being organised is also one of the basic characteristics of NGOs, which enables NGOs to mobilise a relatively strong force. Nevertheless, it is exactly because of this that NGOs can easily turn into a tool to be used. Some ill-intentioned people or organisations will put pressure on the government with their resources and strength. Some mighty NGOs, deviating from the principle of pursuing public welfare, influence the government's decision-making processes through various means to generate interest bias, or pursue the interests of organisations and individuals under the banner of public welfare, or even engage in illegal religious activities, or collude with overseas illegal organisations to engage in sabotage activities. The nature of being organised also makes NGOs potentially political. In Western countries, NGOs have become an independent political force because of their independent organisational network and strong organisational capabilities protected by the law. For example, the Green Party in European countries is a political organisation that has evolved from an NGO. In Italy, some trade unions, mutual aid groups, cooperatives, and even sports and entertainment organisations are all engaged in grassroots mobilisation for party campaigns.

In addition, from the perspective of the forming foundation, NGOs, who usually pay attention to problems and interests in a particular field, tend to have a narrow horizon and lack the overall viewpoint. From the perspective of the development foundation, with limited funding sources and resource mobilisation capacity, NGOs are relatively weak compared with the government and the market, so, their ability may not equal their ambitions. From the perspective of the

constitution foundation, the organisational and action capability of NGOs are determined by individuals' knowledge, rational structures, and qualities; thus, there is the possibility of administration, bureaucratisation and abuse of power.

REFERENCES

- Bai, J. & Zhou, D. C. (2010). Approach on the Voluntary Failure of the Non-government Organizations in China . *Science and Management*, 3 ,34-37.
- Beijing Volunteer Association (2006). *Construction and management of voluntary organizations*. Beijing: Chinese International Broadcast Publishing house.
- China Institute for Reform and Development (2006). *International symposium on development of civil society organizations and building- up of a harmonious society*. Beijing: China Economic Publishing House.
- Cheng, Y. & Ma, Q. Y. (2008). Classification of non-governmental organizations Analysis . *Political Science Studies*, 3 90-98.
- Liu, W. Y. (2012). A Review of the Reasons for the Rise and Development of Chinese Non-Governmental Organizations . *Theory Horizon*, 7 14-16.
- Ren, J. Q. & Liu, W. (2008). An Approach on the Problem of Voluntary Failure of The Non-government Organizations of Our Country. *Journal of Inner Mongolia University*, 40 (2), 44-48.
- Salamon, L. M. (2002). *Global Civil Society: Non-Profit Sector Vision*. Beijing: Social Sciences Academic Press.
- Tang, X. L. & Zhou, Y. P. (2010). Chinese NGO Study: A Literature Review . *TRIBUNE OF STUDY*, 26 (1), 49-53.
- Tian, K. (2003). A review of Western non-profit organizations. *Chinese Public Administration*, 6, 26-34.
- Wu, C. (2017). Problem of Voluntary Failure of The Non-government Organizations. *Economic & Trade*, 14, 29.
- Wang, Y. (2018), China Development Brief, Available from: <http://www.chinadevelopmentbrief.org.cn/news-20944.html?from=timeline> [Accessed: Jan 1, 2020].
- Zeng, S. C. (2005). Citizen Ethics in the Process of China's Modernization . *Economy and Management Digest*, 10 13-17.
- Zhong, B. Z. (2018). A Study on Social Organizational Autonomy in China: Review and Prospect . *Jiangnan Academic*, 37 (5), 14-18.