Contracting Social Services in China: The Case of the Integrated Family Services Centres in Guangzhou

Abstract:
This article uses the Integrated Family Services Centres (IFSCs) as an example to illustrate the contractual relationship between the state and NGOs and the capacities of government officials to implement the contracting-out of services in China. The data from 12 focus groups in 2015 indicated that local governments treated IFSCs as foot-soldiers by asking them to fulfil duties beyond their service contracts. Moreover, Guangzhou government’s fragmented service evaluation arrangements and workload-oriented criteria were unable to effectively assess the impact of social work practices. The study concluded that appropriate legislation is required to safeguard the rights of NGOs.

Keywords:
Contracting Services; Integrated Family Services Centres; NGO-Government Relationship; Service Evaluation; Social Work in China
Introduction

The Chinese government has adopted contracting public services as a new welfare strategy. This is a big departure from its traditional socialist practice, according to which government agencies, rather than non-governmental organisations (NGOs), were the main welfare providers. As a result of this new policy, local governments have been asked to outsource public services to community organisations through a competitive bidding procedure, and welfare officials are responsible for drafting bidding documents, preparing contracts and monitoring service quality.

However, contracting social services is a new initiative in many parts of China. Social work is also a relatively new subject in Chinese universities. Meanwhile, contracting involves complicated tasks that require ‘technical skills, relational skills and conductive governance systems’ (Zaidi et al., 2011: 145). The purpose of the study is to examine how outsourcing welfare services shapes the relationship between local governments and NGOs and discuss whether government officials have the necessary capacity to implement this policy.

This paper uses the Integrated Family Services Centres (IFSCs) in Guangzhou as an example to address the above-mentioned concerns and is comprised of three sections. Section one reviews the relationship between the state and NGOs and also examines the essential capacities for outsourcing social services. Section two analyses the major challenges arising from contracting out the IFSCs in Guangzhou, based on qualitative data from 12 focus group meetings. Section three discusses the implications of China’s experience.
China’s New Welfare Approach

The Chinese government aims to use the contracting of social services to tackle welfare bureaucracy and meet the public’s increasing welfare expectations. Over the past ten years, Chinese leaders have attempted to build a ‘moderately prosperous society’, which means ‘a better social welfare safety net’, ‘a balanced welfare distribution’ and ‘a cleaner environment’ (Songwanich, 2015). However, this objective has been severely constrained by its ineffective welfare system, managed by government civil servants who tend to be satisfied with existing policy and are not very motivated to change. After reconstructing its state-owned enterprises, the Chinese government has now turned its attention to its welfare delivery system, increasing the role of NGOs in providing direct services. The Minister of Civil Affairs pointed out in 2012 that the role of civil affairs offices at central and provincial levels ‘should be policymaking, supervision, investigation and assessment’, while their welfare provision duties should be handed over to NGOs’ (China Daily, 2012).

Later, Chinese leaders announced their intention to ‘build a moderately prosperous society in all respects and support the development of the non-public sector’ at the 18th Central Committee of the Communist Party (CCCP) (CCCP, 2014: 1-2). China’s Premier Keqiang Li (2014, 26; 28) also stressed in his last government report that central government would ‘support the development of charities’, creating ‘a mechanism for running hospitals by non-governmental capital’ in order to provide adequate basic public services and improve the quality of medical care. It is clear that the Chinese government has decided to change the role of the state from a direct service provider to a service monitor by contracting out public services to NGOs.
In 2013, the Chinese government published the ‘State Council Office’s Guidance on Purchasing Services from Society’ (State Council Office, 2013) to guide local authorities when purchasing public services. Accordingly, various levels of government have been urged to purchase a wide range of services, including education, employment, social security, housing and disability services, as well as cultural and sports activities. The central government’s target is to set up an effective purchasing system and also to pass relevant legislation at the local level by 2020 (State Council Office, 2013).

**Contracting and NGO-Government Relationships**

Current literature has mainly documented the general relationship between the Chinese government and NGOs. Ling et al. (2007: 123) pointed out that ‘various layers of control in China limit the activities of Chinese civil society organisations’, excluding those which work with sensitive labour and political issues. Hsu (2012) claimed that the relationship between migrant NGOs and the state is in three forms - symbolic, asymmetric and strategic. Yang and Alpermann (2014), following their study on NGOs which delivered services for children and youth, stated that the relationship between NGOs and the state is ‘embeddedness versus marginalization’. Also, factors such as ‘issue salience, networking, and leadership behaviour’ directly affect an NGO’s relationship with the government (Yang and Alpermann, 2014: 312). Hsu and Jiang (2015: 101) found that NGO founders who previously worked in the party-state bureaucracy will choose to develop partnerships with the government in order to access state resources. On the other hand, funders who are not former state bureaucrats will act independently to avoid state attention. This is because they perceive the state to be ‘powerful, uncontrollable and untrustworthy’ (Hsu and Jiang, 2015: 114). Ma and DeDeo (2016: 13) analyzed the board members of NGOs and reported
that the Chinese government appointed officials to high-level position to non-profit boards so that it can ‘hold significant levels of infrastructural power’. The above-mentioned studies have shown us the general relationship between NGOs and the Chinese government but do not specifically address their contractual relationship. This study aims to fill this literature gap by investigating the nature of the relationship between the Chinese government and NGOs in the context of outsourcing welfare services.

Increasingly, governments are using non-governmental organizations to help deliver social services in ‘a financially efficient and programmatically effective manner’ (Snavely and Desai, 2001: 248; Rees 2014). Contracting is an important type of NGO-state relationship, which has the following features (Coston, 1998: 361):

- Acceptance of institutional pluralism
- Moderate to high linkage
- Government advantage in the power relationship with increasing NGO influences
- Contracting as a formal policy tool
- Making Government policy contingent on NGOs
- Division of labour based on comparative advantages
- Potential negative consequences for NGOs
- Blurring between the sectors

However, there are several issues for NGOs entering a service contract with the state. Salamon and Toepler (2015: 2169) summarized four major issues:
(a) the potential loss of autonomy or independence that some fear can result from heavy dependence on government support;

(b) ‘vendorism’ or the distortion of agency missions in pursuit of available government funding;

c) bureaucratization, or over-professionalization resulting from government program and accounting requirements;

d) the stunting of advocacy activity in order not to endanger public funding streams.

Similar concerns were expressed by Batley (2006) and Howell (2012). After analyzing the contractual relationship in six African and South Asian countries, Batley (2006: 248) stated that the common problems are that the ‘rules of engagement’ are unclear, not fully expressed in contractual terms, or not respected’. Howell (2012) argues that the goal of de-regulating welfare-oriented NGOs and involving them in the delivery of public services in China is to maintain political stability and create a favorable environment for market interests.

As China is a one-party polity and contracting social services has become its main welfare strategy, it is imperative to examine the contractual relationship between the Chinese government and NGOs, so that associated problems can be early identified and addressed.

Government Officials’ Contracting Capacities

Success in contracting social services depends on the management capacity of government agencies. After investigating contracting out HIV prevention programmes to NGOs in Pakistan, Zaidi et al. (2011: 145) found that there were three weaknesses, comprising ‘poor capacity to invite bids, write, award and monitor contracts; weak public sector governance resulting in time delays,
bureaucratic paperwork and rent seeking pressures; and mistrust between the government and the NGO sector’. Existing literature shows that several conditions are essential to outsourcing social services:

Firstly, there should be a sufficient number of NGOs to bid for contracts. This is because the service delivery costs can only be reduced if there are many competitors in the ‘competitive bidding’ process (Pack, 1989: 3; quoted in Van Slyke, 2003: 297).

Secondly, welfare officials should have good knowledge and experience in drafting service contracts, setting up service assessments, and monitoring the service delivery. They have to define the ‘rules and norms’ for bidding contracts (Trudeau, 2008: 2820). Moreover, ‘appropriate legal and administrative frameworks’ need to be set up in order to facilitate cooperation between the state and NGOs (Almog-Bar and Zychlinski, 2013: 209). A major challenge to welfare officials is the establishment of an effective monitoring mechanism. This is because the outcomes of social services are ‘difficult to measure’ as they can be studied from different perspectives and cannot be easily observed in a short time (Lu, 2013: 185). Also, the contract monitoring costs for human services are very high. It is argued that monitoring contractors in the US are ‘the weakest link in the privatization process’ (The General Accounting Office, 1997; quoted in Van Slyke, 2003: 298), both state and local governments have ‘little experience in developing contracts that specify program results in sufficient detail to effectively hold contractors accountable’ (The General Accounting Office, 1998; quoted in Van Slyke, 2003: 306). As Amey (2012: 698) argues, poor
contract and implementation in the US has ‘shifted risk to the government and taxpayers and locked the government into some bad deals’.

Thirdly, success in contracting out welfare services needs ‘dedicated and vigilant government managers’ (Awortwi, 2012: 897). After studying local governments outsourcing solid waste collection services to private companies in Ghana, Awortwi reported that government officials did not strictly monitor contract implementation. He criticized the fact that local bureaucrats ‘went to sleep after signing contracts’ (Awortwi, 2012: 897) and the contracting process was also associated with collusion and corruption. As a result, outsourcing public services could not save public money because of ‘shady deals’ (Awortwi, 2012: 897).

For many Chinese officials, contracting social services is a relatively new policy and administrative duty. Therefore, the policy implementation framework and the coordination between government departments is still inadequate. According to Jia et al. (2009: 18),

**Regarding policy coordination, the supporting framework is limited and collaboration among government departments is unclear. Other problems include the fact that procurement targets overlap several different government departments, policy uniformity, a lack of funds to help develop NGOs and a lack of relevant legislation to support the activities of NGOs.**

Similarly, Teets (2012) points out that although contracting public education to private schools in Shanghai has provided more education and development opportunities for migrant children, the
quality of the services is questionable due to the ineffective monitoring measures used by
government officials.

In short, in order to successfully outsource social services, welfare officials need to be equipped
with adequate knowledge in drafting and monitoring service contracts, and also need to work
closely with contracted NGOs. Given that contracting welfare services is a big departure from
China’s traditional welfare delivery, the findings of this study will enhance our understanding of
local government officials’ capacities and the current contractual relationship between local
government and NGOs.

Integrative Family Service Centres (IFSCs)

Based on the slogan of ‘big society’, welfare reforms introduced by the Civil Affairs authorities in
China from 1998 to 2007 focused on cutting budgets and promoting the privatization of social
services. The authorities mainly addressed the needs of the most vulnerable groups, including poor
people, orphans, and those who were classified as ‘three-nos’ (those who are without the ability to
work, do not have an income and are without any family support). However, the central
government has changed its welfare approach over the past 10 years and is now emphasizing the
welfare role of the state by increasing welfare investment. On the other hand, it has adopted a new
service delivery model by encouraging local governments to commission NGOs to provide public
services (Author, 2013).

In China, the Guangzhou municipal government is one of the pioneers in purchasing social services
from non-governmental sectors. With a population of about 13 million, Guangzhou is the capital
city of Guangdong Province and one of the richest cities in China. Its GDP per capita in 2013 was
USD $19,393, ranked 12th among Chinese cities (China Whisper, 2014). Its expenditure on contracted IFSCs increased dramatically from 40 million to 310 million between 2010 and 2014. As a result of the municipal government’s support, the number of social work agencies (SWA), which is a term referring to social service organizations managed by professional social workers in China, increased in Guangzhou from 13 in 2009 to 267 in 2014 (Author, 2015: 145; 153). Guangzhou now has the biggest number of SWAs and qualified social workers in Guangdong Province.

In 2009, the Guangzhou municipal government introduced the contracting out of social services, and the IFSC was selected as a pilot project (Guangzhou Municipal Committee of CPC and Guangzhou Municipal Government, 2009). There were 20 IFSCs in Guangzhou in 2010. In 2012, the Guangzhou Municipal Bureau of Civil Affairs (2012) launched an ambitious plan by instructing lower-level governments to establish one IFSC in every sub-district, which is also named as a ‘Street’, with its administrative unit called a Street Office (SO). The population in each sub-district ranges from 3,000 to nearly 90,000 (Guangzhou Social Work Web, 2016).

As part of the purchasing arrangements, the Municipal and District Bureaus of Finance allocated ¥6 million to each SO in three years (Guangzhou Municipal Committee of CPC and Guangzhou Municipal Government 2011). Next, the SO chose an NGO to run the IFSC through a bidding process. It should be noted that the District Bureaus of Civil Affairs, rather than the SOs, will be responsible for monitoring the services of the NGOs. The District Bureaus of Civil Affairs use independent evaluation agencies, which are also NGOs with expertise in service evaluation, to assess the performance of IFSCs. In 2014, 79 out of 267 SWAs in Guangzhou were running 171
IFSCs, and seven evaluation agencies were responsible for assessing the services of all IFSCs in Guangzhou’s 12 districts (Author, 2015: 12). In short, there are four stakeholders in contracting social services, which are the SO (service purchaser), the Municipal and District Bureaus of Finance (funding agent), the SWAs (service provider), and the District Bureaus of Civil Affairs and evaluation agencies (service assessors).

In summary, IFSCs is an innovative approach in Guangzhou to providing comprehensive welfare services to address the needs of various user groups in local communities. Firstly, instead of welfare officials, social workers with a professional qualification are delivering services to older people, adolescents, families and disabled persons in a region. Secondly, well-planned services are being offered to residents instead of the previously unplanned and irregular services. Thirdly, the services of the SWAs are contracted services with a defined period. This is significantly different from the former direct services which were provided by civil servants and did not go through a stringent monitoring process. In short, the caring duties have been shifted from official bodies to contracted SWAs by the implementation of IFSCs.

Research Methodology
This study adopted the technique of ‘focus group discussion’ to gather the views of the stakeholders on the contracting of IFSCs. This method was adopted for two main reasons. On the one hand, with a limited research budget, a focus group discussion was one of the most economical ways to gather feedback from all the relevant stakeholders (Peek et al, 2016) in a single meeting in a district. In this study, each focus group meeting was attended by representatives from the Municipal Bureau of Civil Affairs (MBCA), the District Bureau of Civil Affairs (DBCA), the SO,
and the SWAs. A total of 12 focus group meetings were held in January 2015, covering all 12
districts in Guangzhou. The average number of participants for the 12 meetings was 12. The
biggest focus group meeting included 20 representatives, while the smallest one had six. The focus
group discussions offered an opportunity for participants to express common concerns and also
receive feedback from other stakeholders.

Prior to each focus group meeting, participants were informed about which organizations would
attend the meeting and the key issues that would be discussed. Also, they were told about the
principle of anonymity in reporting the data in future. In each focus group, one assistant from the
research team would facilitate the discussion by regulating communication among participants, so
that representatives from different agencies had opportunities to voice their concerns. After the
meetings, the research assistant transcribed the contents and used NVivo 10.0 to analyze the data.

Although the focus group meetings allowed the researchers to gather views on the contracting out
of welfare services at a regional level, this method has two limitations. Firstly, the presence of
senior officials at the meetings might have prevented some NGO representatives from expressing
highly critical views, for fear of negatively affecting their relationship with concerned officials
(Hollander, 2004; Doody et al., 2013). Secondly, some participants might have violated the
principle of confidentiality by leaking some sensitive issues raised at the meetings.

Regarding the first issue, as the supporters of this research, senior government officials would
expect criticisms from the NGOs involved, seeing this as a means to understand the problems of
its contracting out measures. This suggests that some NGO representatives would use the focus
group meetings as an opportunity to voice their concerns to the senior officials with a hope of solving their existing difficulties. Research data presented in this article showed that some SOA representatives and even government officials were critical of the existing policies and contracting arrangements of IFSCs. To some extent, the research study had achieved its objectives with the existing focus group arrangements. Meanwhile, leaking the contents of a focus group meeting is a common problem for research studies adopting this data collection method (Sagoe, 2012). While facilitating the meetings, the research assistant tried to avoid the discussion of political and personal issues in order to safeguard the participants.

However, if government officials and NGOs representatives can be interviewed in separate focus groups, more useful data might be obtained as this can reduce pressure on representatives from SWAs. Moreover, if resources are available, researchers can also adopt individual interviews instead of focus groups to avoid leaking interview data. Therefore, future data generated from these two methods can be used to monitor the impact of the presence of government officials on the interview quality.

Key Findings
Data from the focus group discussions reveal that there were several serious concerns about the nature of the relationship between the government agencies and the NGOs as well as the contracting capacities of government officials.
NGOs as foot-soldiers of local governments

Although one of the key purposes of the central government’s welfare reform is to separate the functions of service purchasers and service providers through welfare contracts, the experiences of the IFSCs in Guangzhou show that various government agencies had treated contracted IFSCs as their subordinate administrative unit instead of an equal partner. An NGO representative complained that different government departments had asked his/her IFSC to complete tasks which were not stated in the service contract. For example, it took his/her centre nearly two months to launch the government’s ‘founding health city’ project. His/her organisation also used another two months to do some administrative work for the Office of Birth Planning, which monitors and promotes the national birth control policy on the number of children in a family (SWA 42).

An SO official admitted that they had asked some social workers from an IFSC to distribute leaflets to residents. The respondent further claimed that his/her supervisors regarded the IFSC as an affiliated government unit (SO 24). He/she was disappointed with the failure of various government agencies to honor the service contracts signed by the NGOs and the government (SO 24). Another official from the DBC believed that IFSCs had to carry out duties requested by the authority because they were receiving public funding. Therefore, the IFSCs in his/her district were required to help the Department of Justice to pilot a community probation project (DBCA 13).

According to the representatives of two NGOs, they found it difficult to turn down extra work requested by government officials, for fear of receiving negative comments on their annual service assessments as well as damaging their future service bids (SWA 02; SWA 55). It is clear that the local officials in Guangzhou had not changed their traditional perception of NGOs in a new
contracting system; they ignored the contents of service agreements but treated SWAs as a new type of semi-official unit rather than an independent organization.

NGOs’ limited autonomy

Government officials not only requested NGOs to take up duties not listed in the service contracts but also directed the service delivery of IFSCs. In the service agreements, social workers were expected to use case work, group work, and community work to help ‘families’, ‘adolescents’ and ‘older people’. However, it was unclear whether the services of an IFSC should be offered to all users or only the most disadvantaged groups. As government officials needed figures to demonstrate job performance, some of them instructed the IFSCs to serve all users. As an official from one SO stated:

Although the IFSC has done a lot of work, we found that some residents don’t know about the services of the centre. There should be no boundary for services in a community. You can’t only target some older or disabled people. You should make the IFSC known to all residents. The service coverage of an IFSC should include all residents in an area (SO 07).

On the other hand, social workers tended to refer to their main target groups as those who were living in deprived conditions. As pointed out by a representative of an NGO:

When we talk about professional and quality services, it is inevitable to focus on mainly the vulnerable groups. However, the officials of the SO would argue that we have
neglected a larger number of residents in the community. This paradox is mainly caused by the unclear role of an IFSC: targeting the whole community versus only those who are in need (SWA 08).

However, it was government officials instead of social workers who had a final say on who should be the main service users for IFSCs. This is because of their unequal relationship in the contracting system, as SWAs have to rely on welfare contracts to survive.

Problematic criteria for assessing human services

Although contracting social services has become China’s key welfare strategy, local officials do not fully understand the practice of NGOs and the nature of their services. In the service bidding process, NGOs only needed to give figures on workloads instead of providing details on service outcomes (see table 1).

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Contents of Services</th>
<th>Category</th>
<th>Workloads</th>
<th>Working Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Services</td>
<td>Case Work</td>
<td>Professional Case</td>
<td>8 cases/staff<em>5 sessions</em>6 hours/session*14 staff</td>
<td>3,360</td>
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<tr>
<td></td>
<td></td>
<td>Interest Group</td>
<td>42 sessions/staff<em>5 hours/session</em>14 staff</td>
<td>2,940</td>
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<tr>
<td></td>
<td></td>
<td>Professional Group</td>
<td>42 sessions/staff<em>9 hours/session</em>14 staff</td>
<td>5,292</td>
</tr>
<tr>
<td>Community Work</td>
<td>Survey</td>
<td>4 hours/report/staff<em>14 staff</em>48 reports</td>
<td>2,688</td>
<td></td>
</tr>
<tr>
<td>Indirect Services</td>
<td>Training</td>
<td>Continued Professional Training</td>
<td>72 hours/staff*14 staff</td>
<td>1008</td>
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<td>------------------------</td>
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<tr>
<td>Case enquiries</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Voluntary</td>
<td>Volunteers</td>
<td>0.5%<em>total population in street</em>1 hour/person</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td></td>
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</tbody>
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**Sub-total of indirect services** 1008 + X + Y

| Total             |                                  |                                |                        | 22,276.8+X+Y |

Table 1: The workload requirements of IFSCs in one district

Source: Yuexiu District Bureau of Civil Affairs, 2011.

As working hours are a main criterion in the bidding for IFSC contracts, some NGOs deliberately put down more hours in an attempt to win a contract. As a result, the average annual working hours for ‘direct services’ stated in all successful bids in Yuexiu District were 23,957 in 2012-2013 and 23,826 hours in 2013-2014 (Author, 2015: 56), which were higher than the official requirement of 21,268.8 hours (see table 1).

A government official at district level admitted the problem of workload output:

We worked out a method to assess the bids by focusing on the annual workload output of an IFSC. But we later found that this is a problem. I think the output figures are different.
from the qualitative nature of social work intervention. How can we measure the quality of social work services by using quantitative figures? I hope there will be some guidelines from the municipal government on this issue in the future (DBCA 05).

Under the existing contract agreements, social workers faced tremendous work pressures as they had to meet the working hours target stated in the service agreements. A director of an IFSC said, ‘By excluding working hours for supervisions and meetings, social workers in my team have to work non-stop eight hours a day, like a machine’ (SWA 33).

Inconsistency in service evaluation
As local government officials lacked knowledge and experience in evaluating social services, they outsourced the evaluation task to seven NGOs. As a senior official from the MBCA explained:

Why do we need a ‘third party’ to evaluate the IFSCs? We only have about 100 civil servants dealing with civil affairs at the municipal level and about 20 at each district bureau. How can we carry out the service evaluation by ourselves? Therefore, we solve this problem by contracting out the evaluation service (MBCA 01).

Thus, seven contracted NGOs were responsible for assessing the service quality of 171 IFSCs in Guangzhou’s 12 districts (Author, 2015: 12). However, this arrangement had created several serious problems. Firstly, the seven NGOs used different evaluation procedures and also developed different outcome performance indicators. As a consequence, IFSCs had to change the structure and contents of their services in the face of frequent changes in the evaluation agencies. For service
providers which were running IFSCs in several districts, they had to meet requirements developed by different evaluation agencies. Two respondents were frustrated with these arrangements:

We have an IFSC which has already completed two of the three year contract. We have experienced two evaluation systems over the past two years and have to encounter a new one next year. We are exhausted now. Our social workers are annoyed with this and they have no idea what they need to do now (SWA 28).

Our agency has seven IFSCs in four different districts and we have to deal with four different evaluation agencies. This means that we have to follow four evaluation systems at the same time (SWA 18).

Consequently, social workers were unable to provide consistent services and much of their time was involved in gathering data for evaluation.

Secondly, as workload targets were a key criterion in the service agreements, social workers had to keep detailed records and worked very hard to meet this requirement. As mentioned previously, seven evaluation agencies had their own outcome criteria; social workers had to prepare a lot of documents and collect numerous figures to meet the expectations of the evaluation teams. A government official at district level also raised this issue at a focus group meeting:

I call them ‘computer’ social workers. They can write a case file of up to 100 pages, including detailed dialogues in interviews. They must have used more time for preparing
evaluation documents than providing direct services for users. …Their records and documents will affect whether they can get a ‘good’ evaluation result (DBCA 10).

Thirdly, the existing fragmented evaluation arrangements, with figure-oriented and non-standardised outcome assessments, failed to effectively assess the service impact of the IFSCs. Even a senior official was dissatisfied with the existing evaluation system:

A contracted project must show its effectiveness. The current evaluation system is neither scientific nor accurate, which needs to be improved. The local government has spent so much money on IFSCs and their social impact is still unclear (MBCA 02).

Similar views were expressed by another official at street level, who stated that: ‘The long-term impact of the IFSCs in community is not obvious. There is also little information about the differences between NGOs and the government in delivering the IFSCs’ (SO 21).

A representative from an IFSC pointed out the issue caused by the problematic evaluation system. As he/she claimed, ‘Government officials and even some social workers have wrongly emphasised workload outputs rather than service impact. It is the changes and improvements in the community and service users that we should stress’ (SWA 03).
Inadequate training for government officials

Generally, senior officials at the municipal level had a better understanding of the changing role of government agencies and the benefits of NGOs involved in welfare delivery. A senior official pointed out:

Everyone is a key element in the welfare system and everyone should have the right to express views and participate in welfare provision. The government is changing its functions….it is reducing its role in direct service delivery but purchasing services from professionals. When we talk about diversified service providers, IFSCs are an example of this in the community (MBCA 02).

By contrast, some government officials at district and sub-district levels were ambiguous about the role of the IFSCs. One official expected more guidance from higher-level governments on this issue:

For local administrative units, not all officials from the SOs, the Federation of Disabled People, Women’ Federation and Youth League can fully understand the role of the IFSCs. They may even have different interpretations of the functions of IFSCs. Is the government transferring some of its functions to IFSCs? I hope officials at grass-root levels can receive more information about the IFSCs (SO 12).

Another official from a SO reasoned that problems were caused by the hasty decision to introduce IFSCs:
We didn’t know anything about the IFSC before its launch. The briefing meeting was held only after we were going to set up the IFSC and start the bidding procedure. We did not know much about an IFSC and the key elements for running it. We could only propose some general terms for potential service providers. The IFSC was established too soon and we were unclear about the idea of it. We did not receive any guidelines from line managers, nor attend any relevant training (SO 25).

Similar views were expressed by another grassroots official who claimed that even his/her ‘principal supervisors have little understanding of social services. This is a barrier to the development of IFSCs’ (SO 21).

As illustrated from the views of the junior officials, the implementation of the IFSCs was actually a top-down process. Senior government officials at the municipal level attempted to follow the decisions of the central government by reducing the welfare functions of the state and encouraging NGOs to take up the role of direct welfare provider. However, the philosophy of the new policy was not clearly passed on to the lower-level governments. The frontline officials were also not properly briefed and trained to take up the new duties. As a result, they were not capable of developing an appropriate contract for social work practice and also establishing an effective monitoring system to assess human services. Nor have they received proper training on how to build an appropriate relationship with NGOs that respects their autonomy.
Discussion

The above evidence has shown that social workers are facing various challenges in working with government bureaucrats, addressing the needs of service users and fulfilling their contractual duties. This section will further examine these issues and propose changes to address current contractual problems.

The nature of contractual relationship in Guangzhou

The practice of IFSCs in Guangzhou reveals the limitations of NGOs and social workers in a bureaucracy-dominated state. Firstly, NGOs were treated as an arm of the state, being asked to take on various duties by government agencies. Secondly, their autonomy was limited by the interventions of senior officials who chose user groups for the SWAs. Thirdly, instead of assessing the impact of social work intervention on service users, the performance indicators of social work organizations were based on measurable and quantitative data that helped demonstrate the service achievements of government officials. These were the constraints faced by social workers for delivering contracted services in Guangzhou.

Government foot-soldiers and legal protection

The evidence in this paper has shown that local government officials did not follow the terms of the service agreements and they pressed NGOs to take up the duties of lower-level government units. To some extent, the providers of IFSCs were treated as semi-official agencies instead of independent organizations. This practice not only downgraded them to being a servant of government departments, but also disrupted their professional services.
Thus, the case of the IFSCs in Guangzhou has illustrated that the service agreements and the independence of NGOs need to be legally protected by the administrative orders and laws of central government. This means that the Chinese government’s service contracts with NGOs need to be ‘detailed, binding legal agreements that specify the obligations and roles of both parties in the relationship’ (Vandaele et al., 2007; quoted in Lamothe and Lamothe, 2012: 324). This type of contract helps protect ‘the rights and properties of potentially opportunistic participants’ (Lamothe and Lamothe, 2012: 324). Otherwise, the NGOs will continue to be abused by local officials, treated as a government administrative unit and ordered to complete tasks assigned by various departments.

The involvement of NGOs in designing performance indicators

The experiences of the IFSCs in Guangzhou have further revealed the inadequate contracting capacity of government agencies, especially the lack of an effective evaluation system. There are several problems in the existing evaluation arrangements. Firstly, there are variations in assessment criteria, because seven evaluation agencies have developed their own performance indicators. This leads to unfair treatment of the NGOs. Secondly, the services and objectives of an IFSC will be shaped by the ideologies of the evaluation workers instead of the frontline workers who provide direct services for users. Some assessment indicators not only fail to reflect the needs of a community but also disrupt the consistency of the services of an IFSC. More importantly, it is clear that the workload indicators developed by government officials cannot reflect the nature of social work, nor can they effectively assess the impact of social work intervention. To deal with these problems, it would be better for the service agreements to be worked out between the authority and NGOs, so that the performance criteria can be made compatible with the nature of
human services. As Milbourne and Cushman (2013) have pointed out, welfare bureaucrats have to avoid introducing inappropriate performance measurements that impair trust and also inhibit the operation of NGOs. They believe that the monitoring of services can better be addressed through co-developed and agreed targets and performance indicators. This type of partnership is common in some Western welfare states. For example, some local governments and NGOs in the USA have set up reform task forces or cabinet-level non-profit liaison groups to improve the contracting systems and address relevant issues (Never and Leon, 2014).

Enhancing the contracting capacities of government officials

The Chinese government has attempted to shift the role of the state from direct service provider to service monitor, through outsourcing social services to NGOs. However, the case of the IFSCs in Guangzhou shows that the decision-making and implementation of the new welfare strategy is top-down with little participation from grass-roots officials. The number of IFSCs in Guangzhou was only 73 on 30 March 2012 (Guangzhou Municipal Civil Affairs Bureau, 2012). However, all SOs were requested by an administrative order to ‘establish an IFSC in every sub-district by the end of June 2015’ (Guangzhou Municipal Civil Affairs Bureau, 2012: 1). This means that the number of IFSCs needed to be more than doubled in three months – a very rapid increase. As a result of this administrative order, many lower-level governments set up IFSCs quickly, in order to achieve the target.

However, local government officials at district and sub-district levels were not equipped with adequate knowledge and skills to take up their new role. This explains why they treated the IFSCs as a semi-official unit rather than an independent welfare organization. They also failed to design
a standardized evaluation system that could accurately assess the impact of human services. Clearly, the case of IFSCs in Guangzhou has demonstrated that the contracting out of social services in some parts of China was prematurely introduced without using qualified and experienced welfare officials to prepare detailed service agreements and design an objective and systematic service evaluation system.

The experience of IFSCs in Guangzhou has further shown that if a country attempts to adopt the contracting out of social services, it is essential to provide sufficient training for middle-ranking and frontline welfare officials, so that an appropriate contract can be drafted and an effective service monitoring system be established. It should be noted that the demand for skills training in contract design and management will continue to increase with decentralization and internationalization, and the increasing reliance on non-governmental sectors for delivery of public services in a global economy (Awortwi, 2012). Also, both central and local governments need to shape the behavior of government officials by creating a positive contractual culture as well as a supportive relationship between government departments and NGOs. This type of management culture is essential to the successful implementation of contracting public services.

Conclusion

The Chinese government has adopted the contracting out of social services, to reconstruct the welfare function of the state by encouraging NGOs to provide direct social services. Thus, it is imperative to study the nature of the relationship between NGOs and the government as well as the capacities of government officials under China’s new welfare policy. After studying the implementation of IFSCs in Guangzhou, it was found that local government agencies failed to
adopt a new relationship with the NGOs, as they treated them as lower-ranking semi-government units instead of independent welfare providers. They also did not act according to the terms stated in the service agreements. As a result, the NGOs were ordered to undertake duties which should be carried out by government agencies. This study further shows that the contents of the service agreements for running IFSCs were ambiguous and the performance indicators in the bidding documents emphasised workload outputs instead of the impact of social work interventions. The case of the IFSCs in Guangzhou has clearly demonstrated that local officials were not equipped with sufficient knowledge and skills to prepare a service agreement and establish an appropriate evaluation system. In short, the case of the IFSCs has illustrated the constraints of social work practice in China’s existing contracting arrangements, with an unequal power relationship between NGOs and government agencies and little legal protection of NGOs’ contractual rights. It has further revealed the importance of enhancing the management capacities of welfare bureaucrats in the process of introducing the contracting out of social services in modern China.
References

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2 Author (2015)


