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Becoming an “Enabling State” The Adoption of Purchase-of-Services in China

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The past decade has witnessed social policy expansion and welfare state reconstruction in China. However, there are insufficient social organizations in China to provide social services, due to the rigid requirements on agency registration before this wave of social reform (Hildebrandt, 2011). Moreover, the social workers may not have the required expertise to deliver services: social work training and social services management have a very short history in China, and experience is still being accumulated.

Against this background, in December 2016, the Ministry of Finance and the Ministry of Civil Affairs of the People’s Republic of China jointly issued the *Guiding Opinions on Supporting the Promotion and Development of Social Organizations through Government Purchase-of-Services*. The policy document clearly and officially confirms the adoption of purchase-of-services to facilitate the development of societal sector, including social organizations, the social work profession, and social services (Wen, 2017).

Different Settings Serving Similar Intentions

The purchase-of-services is a signature initiative of welfare state transformation towards the enabling state (Gilbert, 2002, 2005). It transfers previous state in-house production to government purchase-of-services, and enables social organizations to produce and deliver social services in several projects. In China, project-based and post-based purchases are two typical models, and Guangzhou and Shenzhen are leaders and representatives of these two models. In 2007 and 2009 respectively, Shenzhen and Guangzhou, two

metropolises in Southern China, took the lead in launching government purchase-of-services programs.

The two programs have similar overall policy objectives of societal development, and use the same type of policy instrument of contracting with social organizations. But the mix of policy instruments and governance settings are very different. Under Guangzhou's project-based model, the object of purchase is a specialized service or a service project/center. These service projects/centers are operated at the community level as independent entities. The mix and setting of policy instruments are straightforward: under a mode of market governance, public funding (a treasure-based instrument) promotes the emergence of social organizations (an organization-based instrument). These social organizations recruit their own social workers and supervisors, and operate service centers with relative autonomy.

Under Shenzhen's post-based model, the object of purchase is not social services, but the social worker posts that are responsible for service production. To be specific, various public organizations, including policy bureaus like the Judicial Bureau and the Commission on Narcotic Drugs; public institutions, including hospitals and schools; and mass organizations including the Shenzhen Municipal Trade Union, Communist Youth League, and the Federation of Women, make recruitment plans to open social work posts within their entities.

Successful social organizations sign a three-year contract with the Civil Affairs Bureau and the employing public entity. Then, social workers are sent to hold the post within the employing public entities. The newly emerging social work profession has to be incorporated into the public institutions of the traditional hierarchical system. Social organizations themselves only have a limited role to play. This is a complicated mix and setting of policy design, with public funding and social organization working within a governance hybrid of market and hierarchy.

Given the similarities in policy intentions and instrument type, why did Shenzhen and Guangzhou adopt different instrument settings? How do the similarities and differences in the policy designs affect the achievement of goals?

Explaining the Differences: Policy Capacity

Guangzhou's project-based and Shenzhen's post-based purchases share the same policy objectives — namely, the development of vibrant social organizations, professional social work, and caring social services, but have different designs. Project-based purchases mainly focus on the service production itself, while post-based purchases pay more attention to the development of the social work profession and the social work workforce.

Local organizational conditions and government collaborative capacity could partly explain the differences in design. Guangzhou's design is the product of a close collaboration between government officials, social organizations and scholars. As early as the late 1990s, some district governments and street offices in Guangzhou started to collaborate with Hong Kong NGOs to serve cross-border families. Guangzhou's grassroots government and street-level bureaucrats are not completely ignorant of the social work profession and social organizations. Moreover, a majority of the province's universities, with top scholars and facilities, are situated in Guangzhou, the capital city of Guangdong province.

In the early 2000s, several universities in Guangzhou re-launched the bachelor program in social work education. This has laid the knowledge foundation for the adoption of the project-based model. When the municipal government's policy intention emerged and connected to these foundations in the right circumstances by policy entrepreneurs such as university social work teachers in 2008, Guangzhou's pilot scheme was established in a project-based form, following the typical mix of tools and settings in other established welfare states.

Different from Guangzhou, Shenzhen is a newly developing city with a large number of new immigrants. Before 2007, social work training and practice were almost non-existent in the city (Leung and Xu, 2015). Without Guangzhou's knowledge and organizational foundations, Shenzhen developed the innovative post-based approach to promote the importance of social work and to facilitate the development of a professional identity within a short period.

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To address issues of incapacity, and to take advantage of Shenzhen's geographical proximity to Hong Kong, Shenzhen also adopted a cross-border supervisory model by purchasing social work supervision services from Hong Kong's NGOs (Chan, Ip and Lau, 2009). Hong Kong supervisors pay regular visits to supervise frontline social workers at their service units in Shenzhen.

Apart from knowledge and organizational conditions, political capacity should not be overlooked. Guangzhou and Shenzhen both have political privilege as sub-provincial level entities in China. Meanwhile, Shenzhen, as one of the five cities enjoying "Separate Line-Item Status" treatment in the National Socio-Economic Development Plan, also possesses provincial-level economic power and pays no tax to Guangdong. The privileged political and economic status has intensified competition between Guangzhou and Shenzhen (Ng and Xu, 2014). With the post-based contracting-out model, Shenzhen shines in the policy innovation of social management.

Meanwhile, under the post-based model, social workers working within public entities are similar to traditional state in-house production. Social workers' activities as well as social organizations' operations are under government control. The mixture of market and hierarchy provides less autonomy to social organizations but greater political and fiscal safety to government officials. Greater safety and less uncertainty are particularly important to the Shenzhen

municipal government when it made its first purchase-of-services from social organizations in China.

Policy Success, Failure and Adjustment

From 2008 to 2015, the Guangzhou government at various levels devoted more than RMB 1.3 billion for purchase-of-services. The achievements are significant: the number of social organizations in Guangzhou significantly increased from less than 10 in 2008 to 267 by January 2015. These social organizations have provided 3,800 new jobs, 2,500 of which are social worker posts (“The mechanism of”, 20 January 2015). As of August 2015, 176 integrated family service centers account for more than 90 percent of total procurement funding. Apart from these integrated services, there are 20 specialized projects serving various service users in the community (Guangzhou Community Service, 2015; “Government purchases but”, 19 January 2015; “Do you know”, 2 September 2015).

In Shenzhen, from 2007 to 2012, a total of RMB 350 million, mainly from the Welfare Lottery, was devoted to the purchase of social work posts. The annual standard price of each post was RMB 60,000 in 2007, RMB 66,000 in 2009 and RMB 70,000 in 2010. As of 2015, the standard is RMB 75,000, among the lowest salary for social workers in the Pearl River Delta, but was raised to RMB 93,000 in 2016 (Ministry of Civil Affairs, 2016). Similar to Guangzhou, with substantial fiscal support, Shenzhen expanded its number of social workers from 96 in 2007 to 6,911 by May 2016. As of May 2016, there are 142 social organizations providing social services in Shenzhen. Among these 142 social organizations, more than 70 agencies were undertaking 761 social work posts in public institutions (Shenzhen Civil Affairs Bureau, 2016; Shenzhen Social Workers Association, 2016).

Meanwhile, both cities have encountered new challenges in purchase-of-services. First of all, manpower shortages and high turnover rates have impeded the effectiveness of both project- and post-based purchases in Guangzhou and Shenzhen. As the Civil Affairs Bureau in Guangzhou indicates, among all

frontline social workers in Guangzhou, only 1 percent have more than five years of experience, and 92.8 percent have less than three years of experience; the annual turnover rate is 24.3 percent (“The mechanism of”, 20 January 2015). In the words of one observer, the situation is expected to be worse under a post-based model (“Observation on social”, 30 April 2014). In fact, the turnover rate in Shenzhen significantly grew in the past seven years from 8.2 percent in 2008 to 22.2 percent in 2014. The turnover rates in both cities have crossed the unhealthy employee turnover rate of 20 percent.

China’s determined national strategy to purchase social services and professional staff has boosted demand for well-trained social workers and experienced supervisors. However, the newly re-emerging social work education in Chinese higher education is inadequate to meet this booming demand. For example, 176 integrated family service centers in Guangzhou need about 2,000 social workers at this moment, but less than 700 social work students graduate annually from Guangzhou’s 14 universities. In addition, more than half of these fresh social work graduates do not choose social work as a career (Zeng *et al.*, 2016). This shows that the unsatisfactory working conditions and unclear future career opportunities, some of which are due to the policy designs of contracting-out, make it difficult to attract and maintain a stable workforce.

The unsatisfactory working conditions are twofold. Chinese social workers face institutional constraints that their counterparts in advanced welfare states do not. For example, social workers may have to carry out administrative duties delegated by the government that may totally be in contrast with the professional ethics of social work. This problem is particularly critical for the post-based model. These social workers are employed by social organizations but work at the employing entities, including hospitals, schools, and criminal justice agencies (the secondary practice setting), rather than at the service centers of the social organization employer (the primary practice setting). In contrast to the primary setting, social work in the secondary setting is only one part of the service production process. The role of social workers is to support

the employing organization's primary function. Social workers confront many conflicting demands and expectations from non-social work professionals.

Meanwhile, they are under a dual supervision system: the professional supervision of the social organization and the administrative supervision of the employing organization. As a result, social workers enact an extremely complex and often vaguely defined professional identity (Cowles, 2003; Openshaw, 2008; Patterson, 2012). Frequently, the employing entities treat the post-based social workers as additional manpower, and require them to handle administrative tasks that are irrelevant to the social work profession. The bureaucratization of the social work profession erodes the professional status and identity of Chinese social workers.

Moreover, the wages and benefits under contracting-out have caused quite a stir in public opinion. Although the Chinese government intends to support the development of the social work profession and social organizations, contracting-out still functions as a cost control method in the form of competitive bidding. Meanwhile, both government departments and social organizations lack sufficient information about the actual unit costs of various social services. This is why the Guangzhou municipal government provides a standardized sum of RMB 2 million to each integrated family service center regardless of community size and service scope.

In order to gain promotions and higher salaries, many experienced social workers in Guangzhou and Shenzhen move to the newly established agencies in the second- and third-tier neighboring cities in Guangdong province, such as Foshan, Dongguan, and Huizhou. All of these problems suggest that the Chinese government has underestimated the issue of manpower when researching and designing purchase-of-services. This suggests that the Chinese government has strong fiscal capacity to initiate contracting out social services, but lacks sufficient analytical and managerial capacity to use the public funds effectively and efficiently.

It should be noted that Shenzhen is considering a transition to the project-based model. In the consultation paper of *Measures on Government Purchase of Social Work Services*, published in July 2015, the municipal Civil Affairs Bureau proposed that purchase-of-services should be mainly based on service projects, and supplemented by posts purchasing (Shenzhen Civil Affairs Bureau, 2015). The main reason for this, according to the explanation provided by government officials, is to cope with the bureaucratization of social work and to maintain stable social work manpower (“To retain social”, 4 November 2014). Meanwhile, social organizations will no longer function as a labor dispatch agency: they will have more autonomy and flexibility to develop their own service programs, agency images, and branding (“Social worker service”, 28 January 2013).

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