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**The nonprofit organizations in China: A discussion of characteristics
and challenges**

INTRODUCTION

While the Master of Arts Management Program in George Mason University and other academic institutions is dealing with the education of the future arts managers, it is responding to the increasing demands brought by the increasing development of the arts organizations. Arts organizations, which can be divided into the nonprofit arts organizations and for-profit arts organizations, are playing an important role in satisfying the public's needs of arts, as well as in supporting artists' to present arts. Whereas the for-profit arts organizations are belonging to the for-profit world, the nonprofit arts organizations constitute an indispensable part of the nonprofit world. The nonprofit arts organizations are tightly related to the whole nonprofit organization world. To contribute to the prosperity of nonprofit arts organizations in China, it is thus crucial for arts managers to find out the characteristics and challenges of the Chinese nonprofit organizations, as well as to offer available strategies that can help grow the Chinese nonprofit organizations, which are finally flowering to the ground of the Chinese nonprofit arts organizations.

The nonprofit organizations in China, however, are lacking systematic researches in history, definition, contributing or retarding factor, etc. To better understand the Chinese nonprofit organizations, which is beneficial for young abroad Chinese arts management students to better serve the Chinese nonprofit arts organizations in the near future, this paper starts the foundation step of discussing the characteristics and challenges of the Chinese nonprofit organizations. While the inevitable limitations of resources, time and ability restricts the discoveries in this paper, the hope of this paper, however, is to serve as a first-step or the stimulus towards the more systematic considerations of the Chinese nonprofit organizations for the Chinese arts management students.

Utilizing the findings from the Johns Hopkins Comparative Nonprofit Sector Project (JHCNSP) as well as three articles of the discussions about the history, current situation, and challenges of the Chinese nonprofit organizations, this paper discusses three parts about the characteristics and challenges of the Chinese nonprofit organizations: the first part talks about the definition and the contributing factors of the nonprofit organizations cross-nationally; the second part explores the distinctive history of the Chinese nonprofit organizations, testing the contributing factors found in the first part, and thus detecting the characteristics of the Chinese nonprofit organizations; the third part is the exploration of the potential strategies for the current challenges of the Chinese nonprofit organizations.

THE DEFINITION OF THE NONPROFIT ORGANIZATIONS CROSS-NATIONALLY

While the nonprofit organizations are widespread mapping “a variety of nations with differing levels of economic development, legal frameworks, and institutional experience of social welfare provision”(Morris, 2000), the attempt of establishing a common definition of the distinctively comparative nonprofit sector is given insufficient attention. According to Morris, such attempts appeared not until the last quarter of the twentieth century when Scholar like Hall made an effort to organize these organizations “through the development of a language and set of theories that delineate a distinctive sector”(Morris, 2000). Morris speculates one factor is that “as new scholars enter the field, they have brought alternative definition of the subject area with them”(Morris, 2000).

Stepping into the last decade of twentieth century, a major contribution has been made toward the development of a common definition by the Johns Hopkins Comparative Nonprofit Sector Project (JHCNSP). Specifically, the JHCNSP is directed by Salamon and Anheier, as Morris depicts (2000), “representing the attempt to define the nonprofit sector occupying a distinctive social space outside of both the market and the state”. By paying attention to the existing definitions as well as the empirical realities of 8 countries—Hungary, Italy, Sweden, Japan, Germany, U.K., France, and the

U.S.—under study, the JHCNSP terms the structural-operational definition of the nonprofit sector (Salamon, 1996; Salamon & Anheier, 1998; Morris, 2000).

The JHCNSP characterizes five crucial characteristics. As Salamon and Anheier (1996) put it:

1. Organized, i.e., institutionalized to some extent. What is important is that the organization have some institutional reality and internal organizational structure to it. This is typically signified by a legal charter of incorporation, but it can also be demonstrated in other ways in countries where legal incorporation is neither common nor readily available.
2. Private, i.e., institutionally separate from government. Nonprofit organizations are nongovernmental in the sense of being structurally separate from the instrumentalities of government. This does not mean that they may not receive significant government support or even that government officials cannot sit on their boards.
3. Non-profit-distributing, i.e., not returning profits generated to their owners or directors. Nonprofit organizations may accumulate profits in a given year, but the profits must be plowed back into the basic mission of the agency, not distributed to the organizations' owners, members, founders or governing board. Nonprofit organizations are private organizations that do not exist primarily to generate profits, either directly or indirectly, and that are not primarily guided by commercial goals and considerations.
4. Self-governing, i.e., equipped to control their own activities. Nonprofit organizations must be self-governing and in a position to control their own activities through internal governance procedures, and enjoy a meaningful degree of autonomy.
5. Voluntary, i.e., involving some meaningful degree of voluntary participation. To be included in the nonprofit sector, organizations must embody the concept of voluntarism to a meaningful extent.

Although these five characteristics constitute the structural-operational definition of the nonprofit organizations, it doesn't mean that all the five attributes are sharing equally

in the nonprofit world. On the contrary, the nonprofit organizations' component parts reveal dramatic distinctions in the field of service, the scale of activity, the size of membership, the composition of the board, the leadership structure, etc. Among these components, two especially basic deviations summarized by Salamon and Anheier (1998) are: 1) the scale of operation, including employment, operating expenditures/turnover, and volunteers and volunteer time; 2) the sources of support, referring the composition of financial support—the private donations, the government grants, and the sales of services or other products.

However, although including the space for variations, the structural-operational definition fails to accommodate other variation. Specifically, Morris (2000) tests the structural-operational definition with the historical case studies of primary health care and social housing provision in nineteenth-century England and finds that this definition excludes the mutual aid organizations.

THE CHARACTERISTICS OF THE CHINESE NONPROFIT ORGANIZATIONS

While the prior part's discussion of the factors that can develop the nonprofit organizations cross-nationally fail to give the universal answer of what it is that encourages the development of the nonprofit organizations, it is still beneficial for the search for the characteristics of the Chinese nonprofit organizations in two dimensions: 1) although no general contributing factors have been found, it provides a list of factors that are worth to be tested while searching for the Chinese nonprofit organizations' characteristics; 2) the case studies in the first part suggests the necessity of considering the distinctive situation of the nonprofit sector of every country, and thus reminds the importance of considering both the history and the current situation of the Chinese nonprofit organizations.

1) The distinctive history of the Chinese nonprofit organizations

Mao (2004) summarizes the distinctive history of Chinese nonprofit organizations. China was a highly centralized unified society before the economic reform in 1978, when the central government controlled and configured the vast majority of social resources. The government had played the role of "GOD" that it took control of the every dimension of the society: in the economic area, the government state implemented a highly

centralized planning economy that bounded the prosperity of finance; in the social service area, strict administrative control was implied to inhibit the growth and development of nonprofit organizations; in the cultural area, cultural institutions and scholars and artists were funded by the state. While individual needs are the major force that breeding the nonprofit sector in the U.S., people in China were expected to wait for the government to offer everything—including the basic living conditions, the health service, the education, etc. The government thus strengthened its authority whereas the nonprofit organizations were hardly self-survival at that period.

Since 1978, in which year the economical reform began, the adjustment of the turning from planning economy to market economy and of the transformation of government functions that giving off more authorities to the public, has offered nonprofit organizations an unprecedented opportunities for development. On the one hand, the reform has produced a large number of diverse stakeholders drifted away from the traditional party units to the free market, bringing more social resources to the market. On the other hand, the left of the stakeholders creates a power vacuum that pushing the government to call for nonprofit organizations acting as a bridge to maintain the dialogue with the stakeholders. At the same time, these stakeholders also have needs to form organized so as to protect their own interests. China's ongoing reform and political transformation of government functions call for the nonprofit sector to shoulder the duties that once carried by the government to meet growing diversity needs of social services.

Today, the nonprofit sector in China has a marvelous on-going development. According to the data from Mao (2004), the amount of the registered nonprofit organizations arises from 6,000 before 1978 to the present 230,000. It is predictable that the Chinese nonprofit sector will gain better progression with the rapid development of Chinese society.

Compared to the American history of the nonprofit organizations, where the nonprofit organizations are created with “the values of individualism, hostility of centralized power, and separation of church and state”(Salamon, 1996), the Chinese nonprofit organizations are showing the tight reliance on the government. While the historical practice of the American nonprofit organizations is relying on the public needs

and the voluntary organizations, the Chinese nonprofit organizations, on contrast, are more alike the by-products of the government's give-up of part of its authorities. The Chinese nonprofit organizations today implicate a political value orientation, and calls for a further transition of the function—that serving for the public rather than the government or politics.

2) The structural-operational definition in China

While the structural-operational definition has attributed five characteristics of the nonprofit sector, it is not appropriate to apply exact the same definition for Chinese nonprofit institutions.

1. Organized

Liu (2003) summarizes the two kinds of organized nonprofit organizations in China: 1) the government-oriented; 2) the self-breed. According to Liu (2003), the government-oriented nonprofit organizations are created by the government, and are changed from government agencies or government-related institutions. The self-breed organizations are developed by public's spontaneous formation, which are controlled by private stakeholders.

2. Non-profit-distributing

Liu (2003) detects the immature in the dealing with the finance issues in Chinese nonprofit organizations. While hardly for the nonprofit organization getting the government grants, it is also difficult to gain individual sponsors or corporation donations. On the other hand, the financial pressure pushes these organizations to seek for profits while the Chinese law allows nonprofit organizations to establish for-profit organizations or use supplies for social services. While there is no mandatory law to regulate the application of the revenue, it is easy for these nonprofit organizations to lose their mission and seek for profits only.

3. Voluntary

Referring to the volunteering of the Chinese nonprofit organizations, Liu (2003) believes that there are spaces to make improvement: while lacking the mature understanding of volunteering activities, it is not easy for the public to reach out an

effective way to participate in; moreover, the volunteer turnover rate also increases the difficulty to organize the volunteering activities.

Besides the listed three characteristics, Salamon and Anheier (1996) also define two other crucial elements: 4) Private and 5) Self-governing. Considering the government-oriented tendency in Chinese nonprofit sector, it is not necessary the case the measure these two elements.

CHALLENGES AND STRATEGIES OF THE CHINESE NONPROFIT ORGANIZATIONS

Owing to the short history as well as the distinctive characteristics, the development of the Chinese nonprofit organizations are met by challenges. This sector discusses the challenges that the Chinese nonprofit organizations facing today, as well as putting forward useful strategies to make progressions.

1) Challenges

Considering the analysis provided by Mao (2004), here are the challenges impeding the development of the Chinese nonprofit organizations.

1. Unclear separation between the nonprofit organizations and the government.

Mao (2004) detects the fact that most of the nonprofit organizations in China are turned from the Government departments or established by the government. These nonprofit organizations show the tight reliance on the government. The unclear separation from the government, according to Mao (2004), will definitely impede the development of the nonprofit organizations.

2. Low social credibility

Mao (2004) refers that some nonprofit organizations are involved in corruption, and that makes the public have low trust of the whole nonprofit sector in China; this low social credibility has increased difficulties for nonprofit organizations to get donations.

3. Low ability

Mao (2004) mentions that the low ability of the Chinese nonprofit organizations are caused by several reasons: the small sizes, the low ability to attract donations, the disorder of regulation, the absent of oversee, and the lacking of professionals. The

low ability, interpreted by Mao (2004), consists of the deficiency of the Activity ability, management ability, innovation ability, and the ability of sustainable development.

4. The inconvenience of the current legal structure

Mao (2004) refers that the current laws and regulations are not conducive to the development of the nonprofit organizations for they have restricted the freedom of the nonprofit organizations and have confined them in a limited range. The current legal structure has become the barrier for the progression of the Chinese nonprofit organizations, according to Mao (2004).

2) Strategies

1. Solid legal framework

Chinese existing mechanism has created a tight connection between the government and the nonprofit sector, which has hampered the development for the nonprofit sector in the terms of ideas, organizations, functions, etc. Therefore, it is imperative for the government to establish regulations and laws to help clarify the legal framework of the nonprofit organizations.

2. Establish public confidence

The low volunteering participation warns the Chinese nonprofit sector to behave more positively to establish and maintain the relationship with the public. It is necessary the step for the Chinese nonprofit sector to build up people's confidence with the nonprofit organizations. With a healthy relationship with the public, the nonprofit sector will gain broader living space.

3. Professional management

Lacking the professional nonprofit managers is another barrier for the development of the Chinese nonprofit sector. Without the professional management, the nonprofit organizations may face problems of low efficiency, low revenue, unhealthy finance, inappropriate activities, and other manage issues. What's more, bringing in professional managers is also beneficial for the nonprofit sector to grow up and be mature.

4. International collaboration

To be able to develop as soon as possible, Mao suggests (2004) that the Chinese nonprofit sector can also seek for the collaboration with international nonprofit organizations. By collaboration, the Chinese nonprofit organizations can not only learn from the experience of the international organizations, but also can increase their influence and improve their brands.

CONCLUSION

The discussion here poses a more preliminary understanding of the Chinese nonprofit organizations. While the structural-operational definition of the nonprofit organizations poses five elements to characterize the nonprofit sector, the inability for this definition to accommodate the mutual aid organizations in historical England has indicated the necessity of prudence when applying in the Chinese nonprofit organizations. Considering the distinctive history as well the current situation, the Chinese nonprofit organizations implicate a political value orientation, and have specialties in the organized, the non-profit-distributing, and the voluntary characteristics. It seems that the structural-operational definition cannot be applied in China.

What's more, the unclear separation between the nonprofit organizations and the government, the low social credibility, the low ability, and the inconvenience of the current legal structure are also indicating the tough situation of the Chinese nonprofit arts organizations, and thus pose higher requirements and obligations for arts management students to achieve in the near future.

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