SERVICE ORGANIZATIONS IN CHINA

Reforms and Institutional Constraints

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ABSTRACT

This article examines a neglected area of reform in China: service organizations. It discusses the structural features of service organizations and the institutional constraints on efforts to reform them.

SERVICE ORGANIZATIONS: THE BIG SHADOW OF THE STATE

In a socialist state such as China, the public sector is expansive, so much so that before the reform era it was virtually impossible to distinguish between the state and society, and between the public and private sectors. Since the 1950s, the Chinese state has comprised three institutional components: the administrative agencies (xingzheng jiguan), service organizations (shiye danwei), and economic enterprises (qiye). These categories remain the key concepts for understanding the Chinese State. Of these three categories of organizations, the most unique, and probably most difficult to understand, is the service organizations. They find no exact parallel in Western countries, although many organizations falling into this category surely exist in Western countries.

In China, service organizations are distinguished from the administrative organs in that they do not have administrative functions and powers, i.e. they do not regulate the behavior of other bodies. On the other hand, they are distinguished from economic enterprises in that they are not supposed to be oriented to profits and the accumulation of wealth for the country. Service organization has often been used as a residual category; whenever an entity cannot be put into the other two categories it is classified as a service organization. As explained later, although there are some analytical dimensions separating a service organization from an administrative organ or a state enterprise, in reality, how a particular organization is categorized is often guided by other considerations, rendering this category even more messy.

Currently there are about 32 million state cadres in China. Only slightly more than 5 million of them are from the
administrative agencies, while the service organizations and state economic enterprises account for 13.6 and 13.3 million cadres, respectively (Zhongyang jigou bianzhi weiyuanhui bangongshi benshu bianxiezu, 1993: 229). At the central level, service organizations account for about 2.4 million cadres, some 40 times the staffing for all central administrative agencies. At the local level, the staff establishment of service organizations is 3.85 times the staff establishment of local administrative agencies. Each year between one-third to one-fourth of the state budgetary expenditures go to the service organizations. The service organizations thus constitute a big shadow of the Chinese State. The expansive public sector has been under strain in China in recent years, and has been a major target of reform. Just as economic reform has sought to make state economic enterprises relatively autonomous entities, one of the main objectives of China’s administrative reform is to de-couple the service organizations from the state and to make them more autonomous entities. In 1996, a long overdue strategy of reforming the service organizations was released.

This reform strategy seems to call for a type of organization that is analogous to the non-governmental organizations (i.e. the third sector) in Western countries that have become increasingly popular in recent years (Osborne & Gaebler, 1992). However, the reform of the service organizations in China is an extremely complicated matter. This article shows that the reform has to be undertaken in an institutional environment that is inherently at odds with its objective of making the service organizations more autonomous. Unlike the nonprofits in Western countries, the service organizations have to operate in a fundamentally different environment and institutional context.

China’s reform has become a topic for much academic analysis in recent years. However, the service organizations have been virtually neglected. Most of the research on China’s reform has focused either on state enterprises or the party-state itself, leaving this vast and messy shadow of the state in between state
enterprises and party-state organs largely unexamined. This is unfortunate, because this shadow of the state is several times the size of the party-state narrowly defined and claims a large amount of state revenue.

This article seeks to better understand China’s service organizations, and more importantly, the forces and institutions constraining reform. We argue that despite the apparent consensus on the need for reform, key institutional forces are operating in the opposite direction. We make a distinction between financial self-sufficiency and real autonomy, and argue that although some service organizations have achieved financial self-sufficiency, they remain dependent on the party-state agencies to which they are attached.

These institutional forces explain why the problems associated with service organizations have been extremely difficult to deal with. Institutions are here referred to as formal or informal rules and patterns of behavior that constrain policy choices and shape policy consequences (Hall, 1986: 19). One of the institutions that sets limits to reforming the service organizations is the monopoly of political power and political organizations of the ruling party. The second is the unified cadre management system which makes it imperative for many of the current structural features of service organizations to remain unchanged. Another institutional constraint refers to the new relationship between the party-state agencies and the service organizations and the growing dependence of the administrative agencies on the revenue generated by service organizations in the context of partial reform. This development has glued the party-state agencies and service organizations even closer together than before, a phenomenon contrary to the direction of reform.

The reform of service organizations in China necessarily bears characteristics of the overall strategy of reform in China in the post-Mao era, namely gradualism or incremental reform, or as the famous metaphor by Zhao Ziyang goes, crossing the river
by feeling for the stones (Shirk, 1993). The reform of service organizations in China did not start with an overall plan. Nor did it embody many radical measures to achieve clearly set objectives. To phrase it in Charles Lindblom’s classical metaphor, it has been a process of muddling through (Lindblom, 1959). As in economic reform, this incremental and evolutionary development has been dictated as much by a wisdom gained at the beginning of the reform era as by political necessity (Shirk, 1993). The real shape of service organizations in China is a far cry from both the official definition and the objectives recently set for the service organizations.

REFORMING THE SERVICE ORGANIZATIONS: OBJECTIVES AND ACTIONS

The main focus of China’s reform in the last two decades has been on state enterprises, and although it has encountered tremendous difficulties, it has nevertheless made remarkable progress. The party-state administrative agencies have also been the target of several rounds of reform. In contrast, no comprehensive reform of service organizations had been made until the Central Organization and Establishment Commission announced a reform paper in 1996.

Of course, the absence of an overall reform strategy does not mean that nothing has been done to the service organizations at all. Nor does it mean that economic reforms and the reorganization of party-state agencies have not affected the service organizations. The 1985 reform of the scientific research and education systems has added tremendous pressures on the organizations in these two sectors, and forced them to become financially self-sufficient. In many regions, organizations that are defined as service organizations are given a deadline to become entirely self-sufficient financially.

However, during much of the reform period service organizations have been treated as a residual category, often
serving as a garbage can for the other two categories. Occasionally some enterprises are registered as service organizations to enjoy tax exemptions and other favorable treatments. A more common problem, however, is that many party-state agencies have been classified as service organizations either in order to maintain the conceptual purity and clarity of administrative agencies, or to circumvent the more stringent rules governing the size of the administrative establishment.

The 1996 reform paper sought to change the perplexing confusion in the service organizations. It strives to make the service organizations a purer category, demanding that there should be a clearer separation between the functions of party-state agencies and those of service organizations. As a corollary, service organizations should be detached from their administrative superiors and become autonomous legal persons providing service not just to their administrative superiors, but to the whole society. To achieve this, the existing management and control mechanisms over the service organizations should be changed from what is called micro-management and control to macro-management. While the overall tone of the reform is relaxation of controls, the reform paper also calls for strengthening better macro-controls, maintaining a check over the overall size, and achieving a scientific and proper distribution of service organizations among all levels and all sectors. It also requires service organizations that are operated by private bodies to “hook” (guakao) to party-state agencies (Zhongyang jigou yu bianzhi weiyuanhui, 1996).

However, while the 1996 reform paper labors on the overall objectives, it is short on specific implementation measures. This reflects the sheer complexity of the service organizations and the variations across regions and levels. It also reflects a concern for the perceived conflict between reform and political stability. Implementation matters are largely left to the provincial governments and the functional ministries.
THE SCOPE AND NATURE OF CHINA'S SERVICE ORGANIZATIONS

Analytically, service organizations are defined as organizations that do not have power over other organizations and bodies, and do not aim at making a profit from their activities. The former characteristic in this definition separates service organizations from administrative organs, and the latter sets them apart from economic entities. In reality, the boundaries are blurred, as some service organizations also perform administrative functions and possess administrative powers, and an increasing number of them are now actively engaged in profit-making activities. It is important to distinguish service organizations as an analytical category, from the organizations that are actually classified as such. Not all service organizations so classified fit the analytical definition because some are equipped with administrative powers and others are, in fact, administrative organizations. In the early 1990s about 1 million administrative employees were employed under the staff establishment for service organizations (Zhongyang jiguo bianzhi weiyuanhui bangongshi benshu bianxiezu, 1993: 500-501).

More than 1.3 million public organizations with about 25 million employees are presently classified as service organizations.¹ The organizations falling into this category come in a bewildering variety. The largest sub-type are education organizations such as primary schools, secondary schools and universities, which account for slightly less than 50% of the total staff establishment of all service organizations. Health care organizations come in a distant second, accounting for more than 12% of the total staff establishment, followed by agricultural supporting organizations (10.6%), research organizations (7%) and urban public utilities (4%).

Service organizations in China are responsible for many functions that are performed by government departments, nonprofit organizations or even the private sector in Western
countries. Even after excluding administrative organizations that are camouflaged as service organizations, many service organizations in China perform essentially governmental functions. On the other hand, they also provide many services that in other countries are mainly the responsibilities of the private or non-profit sector. Examples of these are research institutes and welfare organizations.

Before the reform era, the distinction between administrative agencies and service organizations was not very meaningful because they were all funded by state revenue and managed under the same institutional framework.

In recent years, this distinction has become more significant due to two developments. First, in the era of growing fiscal decline, more service organizations have been pushed to become financially independent. Second, the civil service system implemented since 1993 further sharpens and reinforces this distinction. The civil service system maintains that state civil service is a distinctive category that should be treated separately from other types of cadres. Because cadre management of most state enterprises had already been “de-coupled,” and because all cadres in the CPC bureaucracy are considered similar to the civil service, the civil service system is in effect mainly a strategy to “de-couple” the service organizations from the administrative agencies.

**ADMINISTRATIVE SUBORDINATION AND FRAGMENTATION**

The most peculiar feature about service organizations in China is not that they are state owned and funded mostly by state revenue. Many public organizations in Western countries are also established and funded by the state. What is most distinctive about them is that many of them are attached and are subordinate to functional government agencies, managed very much in the same ways as administrative agencies, and they only provide service
to their administrative bosses. While in theory these service organizations are state-owned, they are in fact "owned" by, and under the control of, the administrative agencies to which they are attached. These structural features have been strongly criticized in China, but they are rooted in entrenched features of the regime.

Of the more than 3,000 service organizations at the central level, only a few are placed directly under the State Council. Other service organizations are attached to the central administrative agencies. Almost every central administrative agency has some service organizations attached to it, but the number of service organizations under the central ministries varies greatly. The Ministry of Chemical Industry and the Ministry of Post and Communication each controls about one hundred service organizations, while only four service organizations are attached to two other ministries. According to one calculation, on average each central agency had more than twenty-five service organizations (Guojia jigou bianzhi weiyuanhui bangongshi, 1991: 524-527).

These service organizations vary in function and nature. Three types of organizations are present in almost every ministry, namely research institutes, publishing houses and newspapers. Many of the research institutes attached to the Ministry of Chemical Industry have technical foci, but there was also a research institute on labor protection. The State Planning Commission has more than twenty service organizations, including an economic research center, an economic research institute, an investment research institute and the like. The Ministry of Personnel has fewer service organizations (probably because it is a relatively new ministry established only in 1988), but the staff establishment of service organizations (more than 1,400) is still more than twice the administrative establishment of the ministry itself (Guojia jigou bianzhi weiyuanhui bangongshi, 1991: 215, 524).
Service organizations also exist in large and medium-sized enterprises, many of which have in-house schools, clinics and hospitals to provide services and support to their employees. At the end of 1995, China’s state enterprises operated 18,000 primary and secondary schools, and 110,000 hospitals and clinics.

More than anything else, the subordination to the administrative organizations reflects the high level of integration of these public organizations into the state administrative system. In some cases, the administrative agencies and the service organizations under their control are taken as belonging to the same “system” (xitong), which, Lieberthal and Oksenberg said, “is a central organizing concept in the minds of Chinese bureaucrats and policy-makers” (Lieberthal & Oksenberg, 1988: 141). Therefore, the health care system of a municipality not only includes the department of public health but also the service organizations under its control. Similarly, the environmental protection system of a municipality encompasses the environmental protection bureau as well as such organizations as the environmental research institute and the propaganda and education center.

The administrative agency exercises comprehensive controls over the service organizations in a system (xitong). Administrative agencies possess the powers to appoint the leading positions of these service organizations. In some cases, they also have substantial influence over the appointment of the middle-level, although in recent years such powers have been decentralized. Second, the revenue from the state budget is given to the service organizations through their administrative superiors. Third, in many cases the administrative superiors assign jobs and responsibilities to the service organizations. Besides, there are also other kinds of control. For example, when a researcher of a research institute under the Ministry of Personnel is invited to visit Hong Kong, he has to seek the permission of not only his superiors in the research institute but also the relevant departments at the Ministry.
Historically service organizations were set up to provide in-house services to their administrative bosses, and hence they rarely provided services to other bodies. What has emerged is a highly fragmented bureaucracy. This situation is gradually changing as a result of revenue shortage and pressure for change, but the change has been very slow. Most service organizations still operate under the patronage of their administrative bosses and receive revenue and job assignments from them. This is because no strong incentive has been enforced. Revenue is normally only withheld from the new organizations or those which could easily earn enough revenue from charges for the use of their services. An obvious example of the latter is public hospitals. Moreover, many service organizations are not well prepared to undertake the transformation from in-house units to competitive market players.

HOMOGENIZATION OF STRUCTURE AND MANAGEMENT

Structural and managerial homogenization is reflected most clearly in the practice of assigning bureaucratic ranks to the service organizations. Despite a strong demand for developing separate status hierarchies, at present it is still a rule that service organizations are assigned administrative grades. When the National School of Administration was established in 1995, for example, it was given a ministerial-level status, meaning that it is equivalent to other ministries in the State Council and should be accorded the same privilege.

The rank of service organizations is normally determined by the rank of their administrative bosses. If a service organization transfers its attachment to a higher level administrative organization, there is a high possibility that it is given a higher administrative rank even if everything else remains unchanged. This was exactly what happened to a research institute originally attached to Yunnan Province’s Department of Health. When its attachment was transferred to the National Medical Science
Academy, which was a deputy ministerial level organization, its rank was raised from the former division level to deputy department (ting) level (Zhongyang jigou bianzhi weiyuanhui bangongshi benshu bianxiezu, 1993, 523).

Assigning bureaucratic ranks to the service organizations has become not only a rule but also a matter of necessity. Yunnan Province in southwest China reportedly decided not to determine the bureaucratic ranks of its service organizations in 1987. But this only left more discretion to the departments of the provincial government, which raised the bureaucratic status of the many service organizations under them. As a result, the provincial government was forced to return to the old practice. That is, the provincial government found it necessary to do the job itself instead of leaving it to the lower level (Zhongyang jigou bianzhi weiyuanhui bangongshi benshu bianxiezu; 1993: 523). At the national level, a similar reversal has occurred. In the early 1980s, social associations were not to be given administrative grades, but this policy was later abandoned (Jiang & Zhang, 1993: 32-34).

Structural and managerial homogenization refers not only to the feature noted above, it also suggests that service organizations do not have (or are not allowed to have) distinctive management structures and rules. Normally the cadres of the service organizations enjoy the same privileges and benefits available to equivalent cadres at the administrative agencies. The civil service system implemented in 1993 seeks to introduce a sharper distinction, but so far it has little real impact. Until now, a cadre’s pay, benefits and privilege are determined as much by his/her bureaucratic rank as where he/she works.

We have examined two key structural features pertaining to China’s service organizations. But why should they persist, particularly when there have been heightened demands for moving away from them? History provides part of the answer - historically these service organizations were established under respective
administrative agencies and to tear them apart would require enormous effort - but these features and problems are sustained by more entrenched institutional forces. To which we now turn.

INSTITUTIONAL CONSTRAINTS ON REFORMING SERVICE ORGANIZATIONS, AND UNEQUAL SYMBIOTIC INTERDEPENDENCE

Three major institutional forces have worked to preserve and sustain the structural features discussed above. They are either closely tied to the hegemonic power of the Communist party or rooted in the widespread fiscal crisis. The future of many service organizations will be shaped probably more by these forces than by the objectives of reform outlined in 1996.

The first institutional constraint that hampers the growth of truly autonomous service organizations is China’s authoritarian political system, the defining feature of which is the monopoly of political organizations and organized political activities by the ruling communist party. Although complete control is very difficult to achieve in the era of reform, it has placed severe limits on the extent to which service organizations can become truly autonomous.

In order to reduce the burden on state finances, the Chinese government is now encouraging private bodies to operate non-profit organizations such as schools and clinics. These organizations would reduce the burdens on the state. However, to prevent such organizations from getting out of control, it is also required that all these organizations be “hooked” to party-state agencies. While the exact meaning of “hooking” is ambiguous and varies from one case to another, it certainly means approval and some form of control by administrative agencies. It also gives the party-state agencies an important leverage over the day to day operation of these organizations.

The same consideration explains why it is difficult to abandon the subordination of the service organizations to
administrative agencies. The issue becomes more complicated because state assets are at stake. There is an apparent contradiction in the 1996 reform paper. On the one hand, it states that service organizations should become legal persons responsible for their own behavior and having full operational autonomy. On the other hand, it also maintains that administrative bosses should continue to monitor the service organizations placed under them. These two requirements are inherently contradictory.

The authoritarian political system is a constraint in a broad sense. It does not necessarily preclude giving the service organizations some autonomy, just as the authoritarian political system does not prevent China from decentralizing comprehensive powers to local governments. However, this institutional feature is an important constraint, lest we mistake China's service organizations as constituting a rise of the civil society.

The unified cadre management system is another institutional feature that prevents service organizations from becoming more autonomous. Control over cadre appointment lies at the center of the ruling party's grip on political powers. The ruling party maintains that it should control all cadres and should have the power to transfer cadres from one organization to another. For this system to work, it is necessary that service organizations and their leading cadres be given bureaucratic ranks. If they were not, the unified cadre system would collapse. Extending bureaucratic ranks to service organizations is merely a symptom of a more fundamental structural reality.

Now we are in a better position to understand why administrative agencies still need to exercise even micro controls over service organizations. In a unified system, the level of service organizations, number of leading positions and their internal structure all have externalities beyond the organizations in question and their immediate effect on state revenue. When an administrative agency creates a self-financed service organization at a certain rank, it adds some positions to the cadre force.
While the two institutional constraints noted above are consciously maintained by the ruling party, the institutional relationship that we discuss below has just evolved without anyone's intention and conscious action.

Do party-state agencies seek to get rid of the service organizations under their jurisdiction or do they seek to keep the service organizations under their control? There is no easy answer to this question. From one perspective, service organizations are not only heavy burdens on government revenue, they also complicate managerial responsibilities (Wei, 1993: 765). Therefore, one may hypothesize that in China the interests of the party-state agencies are consistent with the direction of the reform. The resistance to this direction of reform comes mainly from the service organizations that are afraid of losing protection from the state. This line of thinking is consistent with the bureau-shaping view of state change advanced by Patrick Dunleavy (Dunleavy, 1991: 174-209).

But this argument fails to fully account for the complex relationship between administrative agencies and service organizations in China during the reform era. While fiscal decline and crisis has been a pressure on the government, it may not be an issue for the specific agencies that directly manage the service organizations. Hence, these agencies often do not directly feel the pressure of revenue shortage. Meanwhile, they have many other reasons for keeping the service organizations under their control. One is to help accommodate the surplus staff. When not enough leading positions are available in an agency, the cadres are assigned to equivalent positions in the service organizations. This explains why in many cases party-state agencies do not want to give up control over the service organizations.

More than that, a new institutional relationship between administrative agencies and service organizations has emerged, and it has worked to glue administrative agencies and service organizations even closer than before. This new relationship,
Paradoxically, also has its root in the fiscal crisis and the limited functional autonomy enjoyed by the service organizations in the reform era. Because administrative agencies are generally underfunded as a result of fiscal crisis, their control over the service organizations is a major means of making up for the shortfall between budgetary revenue and expenditure. The administrative agencies in China normally operate under a very tight budget that often only covers nominal wages and basic operating expenses. An official in a medium-sized city in Guangdong Province stated that his bureau’s annual administrative expenses were close to one million yuan, but the budgetary appropriation was only less than one-third of that. He has to secure the difference either from the revenue-generating activities of the bureau itself or from the service organizations under it.

The question of whether an agency is provided with adequate revenue is, however, a complicated issue. Even though an agency’s budget is not particularly tight, it certainly is not enough to cover expenses such as luxurious limousines, expensive meals and generous bonuses that many Chinese bureaucrats have become used to. In the example discussed above, the official we interviewed admitted that of the close to one million yuan administrative expenses, most were not for approved expenses.

Administrative agencies turn to service organizations for revenue for two reasons. First, service organizations can legally engage in revenue-earning activities and are also subject to less stringent financial control. Second, in some cases they can be highly profitable by making use of the powers delegated to them by their administrative bosses. In this case the service organizations are granted monopolistic powers. The Talent Exchange Center, a service organization widely established under the Personnel bureau at the local level, is a case in point. It is empowered to keep the personal dossiers of individuals and cadres who are not employed in the state sector, and charge them for this service. In a city in Guangdong Province, this center is also given the power to handle applications for overseas visits, another
extremely lucrative business. At the central level, the Examination Center, a service organization under the Ministry of Personnel, monopolizes the lucrative business of holding examinations for various professional and technical qualifications. In other cases, a service organization may not enjoy a monopoly, but its administrative superior may help it obtain more business. An example of this is the business of conducting environmental impact assessment. The research institute attached to the environmental protection bureau in Guangzhou is only one of the many approved organizations to do the job, but due to its special relationship with the environmental protection bureau, it naturally enjoys an unrivaled advantage in the competition for business.

In many places, especially in coastal areas, the service organizations have in fact become the “little treasuries” (xiao jinku) of their administrative superiors. Because financial controls over the service organizations are less stringent, some administrative agencies even intentionally pass administrative powers to their subordinate service organizations. This practice makes it easier to circumvent the financial control procedures imposed on administrative agencies.

What have emerged in many instances may be labeled a symbiotic interdependency between administrative agencies and service organizations, but it is certainly an unequal one. Administrative agencies look to service organizations for revenue, but this dependence is outweighed by administrative controls. Because these service organizations owe their business and revenue to their administrative superiors, they continue to be highly dependent on them. Most important of all, the administrative agencies have de facto property rights over the service organizations under them. They control who should be appointed to head the service organizations. Rich service organizations often do not have complete control over their revenue. The Examination Center under the Ministry of Personnel, for example, is required to turn over the bulk of its revenue to the
ministry. The personnel bureau in a Guangdong city where we conducted interviews often lays its hand on the revenue of its rich service organizations. Its luxurious Audi car was purchased with money from the Talent Exchange Center. When the directors of the bureau treat their guests to expensive meals, they often ask their service organizations to come along and pay the bills.

Because of the specific incentive structure that has been built into the relationship between the administrative agencies and service organizations, the objectives outlined in the 1996 reform paper are likely to run into staunch resistance. Not only are the service organizations which are afraid of losing state protection opposed to reform, the party-state agencies also have a strong interest in keeping some service organizations under their control.

CONCLUDING REMARKS

Nonprofit-making is at the core of the definition of service organizations in China, but during the reform period more and more service organizations have increasingly been forced to orient themselves toward earning revenue instead of providing indispensable public and social services. China’s service organizations are conceptually distinguished from the administrative agencies, but they are highly integrated in practice. “Non-governmental” is obviously not a correct description of these organizations.

The 1996 reform paper outlines several objectives of reform, and seeks to make the service organizations more autonomous. It expects the service organizations to provide services to the whole society instead of providing support and service only to their administrative superiors. However, while the reform paper labors on the grand objectives, it provides few specifics about the course of action to be taken.

Even if reform is pursued earnestly, the result is likely to be limited by the institutional constraints in which the service
organizations have to operate. Apart from the authoritarian political system that sanctions against all autonomous organizations, the unified cadre management system requires not only homogenized management and structure, but necessitates detailed control of the service organizations. Unless these institutional constraints are relaxed, reform is unlikely to make great strides.

However, a more important constraint on reform stems from the new type of dependence of the party-state agencies on the service organizations. This emergent institution of mutual support provides an even stronger foundation for the continuation of the structural characteristics of the service organizations than the other two externally imposed forces.

Because "service organization" is a vast and varied category, the above analysis is surely not equally applicable to all types of service organizations. Administrative subordination is not as serious a problem for a university under the State Education Commission as for a research institute under the State Planning Commission. Without claiming that all service organizations in China face the same problems, we nevertheless emphasize that our analysis is relevant to a large number of service organizations, and captures some important processes going on in the shadow of the state in China during the reform era. This analysis is basically analytical and speculative rather than empirical. The few examples cited above are just for illustrative purposes; they are certainly not enough to prove our arguments. Hence, how different types of service organizations evolve in the context of economic and social transformation in China should remain a question for empirical investigation.

The changes and processes taking place in this area of the Chinese socialist state also exhibit the gradualist features for which China's current reform era has been distinguished from other former Soviet countries. Precisely because of this, the Chinese state and its service organizations are more likely to emerge as
distinct entities and institutions that do not readily fit into any conventional definitions, capitalist or socialist. The challenge is to unravel the institutional complexity and the enormous variations across regions and types of organizations in the relationship between administrative agencies and service organizations.

ENDNOTES

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1 It was noted earlier that there are more than 13 million cadres in the service organizations in China. This is not inconsistent with the figure of the total employees given here, because cadres only comprise a portion of total staff establishment. The rest falls into the category of workers.

REFERENCES


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