

The Evolution Logic of Contracting Non-government Organization Services Under the Background of "The Pipes Suit" Reform

Lijie Lu^{1, a}

¹Department of Law, Nanjing Tech University, Jiangsu, China

^a13512503620@163.com

Abstract

The Contracting of non-government organization services is an important tool, which meets the increasing needs of the people's better life, achieves public fiduciary responsibility, and builds a service-oriented government that the people are satisfied with. In this research, the literature analysis is adopted to explore the dynamic changes in the relationships between the government and non-government organizations under the background of " The Pipes Suit " reform, and the evolution logic of the government's purchase of non-government organizations services, which hopes to stimulate more discussion and thus contribute to the Chinese government's contracting.

Keywords

Contracting; streamline administration, delegate powers, and improve regulation and services; non-government organization.

1. INTRODUCTION

Contracting originated from the abandonment of the "welfare state" and "administrative state" under Keynesianism. Contracting has play an important role in reducing costs, improving administrative efficiency, and enhanced public satisfaction, it quickly spread from developed countries to the world. In recent years, the CPC Central Committee and the State Council have attached great importance to the provision of public services. At the moment, various state government have responded to the call of the Central Government. Contracting out has become a sharp sword to promote the transforming government functions, Stimulating the reform of state-owned enterprises and public institutions, and innovating in social governance and improving administrative efficiency . The 2017-2018 government procurement data released by the Ministry of Finance shows that the scale of government procurement increased from 3211.43 billion to 3586.14 billion yuan, and the proportion of service procurement increased from 27.7% to 35.7%. Public services accounted for 52.8% of the scale of service procurement, single-source procurement fell by 11.8%, and the proportion of single-source services in the scale of service procurement fell to 11.6%. Government procurement of public services has become China's main public service supply mode. At present, the practice of Chinese contracting methods and capabilities is subject to the influence of concepts, systems, and mechanisms and lags behind government policies. Specifically, non-government organizations have long been affiliated with administrative departments, affected by double management, and have undertaken various administrative affairs. As a result, non-government organizations aren't committed to improving its professional skills but attached to the government; government departments simply push the public service responsibility to the market and society for the purpose of "big department" reform, resulting in increased government dependence on society and the market and the formation of an administrative absorption society. Due to the influence of these factors on the administration of society, public resources are wasted, public services

are inferior and inefficient, corruption breeds, and even new government trust crises occur due to the influence of these factors. For example, Shiyan's bus reform failed, a certain bureau in Nanjing spent 8 million to purchase services but 30% of the projects failed, pre-school education in multiple places, teaching equipment procurement in middle schools, and many non-government organizations closed for lack of government funding supporting.

As opposed to practice, research on contracting of non-government organization services has been favored and enthusiastic by scholars at state and abroad, and scholars have explored it from different perspectives. The research perspective mainly focuses on five aspects, including the exploration of contracting service theory, purchase motivation detection, purchase risk review, purchase performance evaluation, and comparison of domestic and foreign purchase practice experience: (1) mainly using transaction cost theory, principal-agent theory, and public choice theory specifically defines the scope and boundary of contracting and the state of government-society relations in the service process [1-7]. (2) The contracting motivation mainly focuses on the influence of factors such as efficiency, value, market, environment, and supply stability [8-11]. (3) In terms of contracting risks: trust, contract completion, market, service quality, financial status, and governance model have gradually been brought into the research field of vision [12-17]. (4) Evaluation of contracting performance: The construction of performance evaluation model and the construction of its impact indicators are the focus of research [18-22]. (5) The comparison of domestic and foreign contracting practice experience is mainly the comparison between different fields and different participants [23-27]. At the same time, since the 19th National Congress of the CPC, we have vigorously promoted the reform of "The Pipes Suit" and advocated the transformation of government functions and improved administrative efficiency. The Communiqué of the Fourth Plenary Session of the 19th CPC Central Committee called for adhering to and improving the socialist administrative system. Innovate administrative methods, improve administrative efficiency, and build a service-oriented government that the people are satisfied with. Contracting is an important tool to meet the needs of the people's better life and build a service-oriented government that the people are satisfied with. Non-government organizations are the main recipients of public services. Throughout the existing research at country and abroad, researchers are mainly focus on the exploration of a single process in the contracting service process and the comparison of Chinese and foreign specific practices. The comparison of different periods in China has not been involved, and there is a lack of a systematic research system. The change in the subject of fiduciary responsibility is lacking in overview. In view of this, the article attempts to explore the dynamic changes in the positioning of the government and non-government organizations in the context of the "The Pipes Suit" reform by combing the interactive evolution of the relationship between government and social services in the contracting service before and after the "The Pipes Suit " reform. The evolution of contracting of non-government organizations services?

2. THE EVOLUTION OF CONTRACTING NON-GOVERNMENT ORGANIZATION SERVICES BEFORE AND AFTER THE REFORM OF DEREGULATION SERVICES

From the founding of the People's Republic of China, China's public goods and services have implemented a planned economic system of unified purchase and marketing. The production and supply of public goods have adopted a centralized mobilization approach. Reform and opening up and the development of a socialist market economy, especially in 1994, when China reformed its fiscal and taxation system-implementing a tax-sharing system, Chinese government departments began to marketize and socialize public service supply. The earliest practice was in 1994 in Luohu DistricOf Shenzhen. The practice of contracting services in the

field of urban sanitation, but at this time, the service is contracted to private enterprises by signing a contract. The practice of contracting services from the government as a non-government organizations began as early as 1995 in Shanghai. The YMCA is responsible for the daily operation of Shanghai Luoshan Civic Center. After that, the Xixiang Subdistrict Office of Shenzhen used the property company as a medium to purchase community public services from non-profit organizations. However, at this time, the government was still the main provider of public services. During the outsourcing process, the government department adopted a hierarchical system to directly assign tasks and mastered anytime intervention. Power and discretion, thus forming a unique project system at the grassroots level in China. After the reform of "The Pipes Suit ", government departments followed the concepts of "streamline administration, delegate powers, and improve regulation and services;" to promote the transformation of government functions, improve administrative efficiency, and decentralize everything the market and society can do to the market and society. This is a fundamental change in the government's concept. Here we start the whole process of the three levels of government procurement of non-government organizations services before and after the " streamline administration ,delegate powers ,and improve regulation and services;" reform. The comprehensive history of the Chinese government's purchase of non-government organizations services:

2.1. Preparation Stage Before Purchase

This stage is mainly carried out from the field of contracting services and the subject and object of contracting services. (1). Contracting service areas: According to the Chinese government's guide to contracting services, the scope of services is determined as basic public services, social management services, industry management and coordination services, technical services, and auxiliary services for government duties. Category, and the specific contents of each directory are updated according to social development dynamics, and each region is required to specifically introduce a guideline for the government to purchase services based on the guideline for the purchase of government services. According to the policy documents of each region, we can find the government before the reform contracting services are mainly concentrated in the fields of basic public services and community affairs services. After the reform of "The Pipes Suit ", the contracting field has expanded to the fields of social inter-mediation, social security, social work and non-government organizations management, but the contracting field is still limited compared with western countries. (2). Subjects and objects of contracting services: In addition to the administrative bodies at all levels and institutions with administrative functions that are managed with reference to the Civil Service Law, there are also group organizations that are included in the administrative establishment and are financially burdened. In addition to non-government organizations such as social groups, neighborhood committees, and private non-profit enterprises, the purchase object also includes relevant subjects registered in government departments. However, through the examination of many cases in practice, we find that public service purchases before the "The Pipes Suit" reform The main body is mainly the government's grass-roots organizations and various public institutions. The higher-level government departments are only responsible for funding and policy support. The public service entities are mainly in the grass-roots government departments, public institutions, and the candidate database, directory database, and qualifications set up by the finalists. Treasury organizations registered in the library according to law and passed the annual review. National and provincial financial departments funded the financial department to issue a notice to optimize the business environment after the "The Pipes Suit" reform. There is no longer a barrier to entry for social forces. The contracting unit will select and optimize the use of experts through evaluation. The government's control of non-government organizations has changed from the original

classification control to embedded governance. The government has also changed from a direct service provider to a rule maker and supervision and management. The relationship between government and non-government organizations changed from executive orders and services Partners [28].

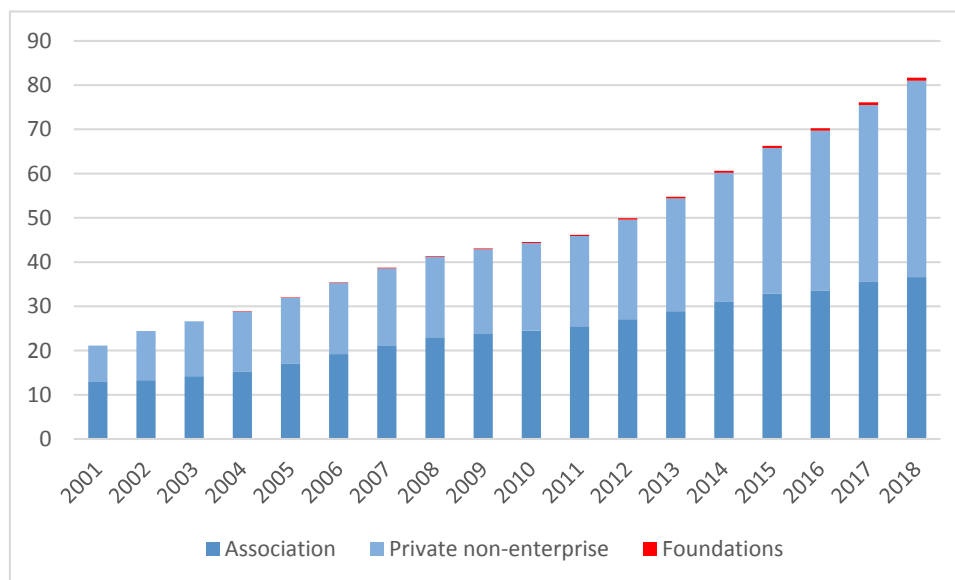


Figure 1. The number of Chinese non-government organizations published by the Ministry of Civil Affairs (2001 -2018)

2.2. The Implementation Phase of the Contracting

The purchase execution phase mainly starts from the contracting method, purchase process and purchase supervision. (1) Contracting method: The government procurement law stipulates that procurement shall adopt public bidding, invitation to bid, competitive negotiation, single source, inquiry, etc. The actual operation of bidding requires 3 or more bidding units to open the bid, but due to China the number of non-government organizations and professional capabilities are lacking, and most non-government organizations are either cultivated or developed by government agencies or public institutions or social groups that are affiliated with government departments. The choice and use of contracting methods have no major impact, and non-competitive methods are mainly used to select public trustees. (2). contracting process: The process in the procurement method is shown in Figure 2. At this time, the performance evaluation was not included in the contracting process, but some areas were piloted first. For example, Shanghai has established a more complete government procurement non-government organizations service system since 2003, covering the entire process of contracting budget management, contract management, and performance evaluation. In 2017, the Ministry of Finance introduced a third-party evaluation mechanism for government procurement services, which incorporated performance evaluation and its results into the government procurement process. (3) Contracting management mechanism: Before the reform, the system and practice were not synchronized, that is, the "exception principle" in which the laws and regulations in the field of contracting services preceded practice and academic research, leading to local governments, especially grassroots governments, being at a loss in practice. In addition, government departments will after the service is outsourced to the non-government organizations, they just give up and give up their management and supervision responsibilities. After the "The Pipes Suit " reform, various regions took the initiative to reform the project system, introduced a number of measures to improve the independence of non-government organizations, expanded their funding channels, changed their management of

non-government organizations, and focused on the participation of non-government organizations in the entire process of service provision. Supervision and management. The contracting Law clearly states that "the information and items of services purchased, the requirements of the subject and performance evaluation standards, etc. shall be fully disclosed to the society." In 2015, a notice on the establishment of a unified public resource trading platform was issued, requiring the integration of platform levels, information systems, Place resources, expert resources, promote the standardization and transparency of transactions, but due to technical and staffing reasons and other reasons failed to take shape, China did not establish the China Procurement Network platform to publicize bidding information until the "The Pipes Suit " reform was proposed in 2017. Content, but there is still a black box for the non-tendering procurement process and the related review and evaluation process and results of bidding procurement, and the follow-up content after project bidding.

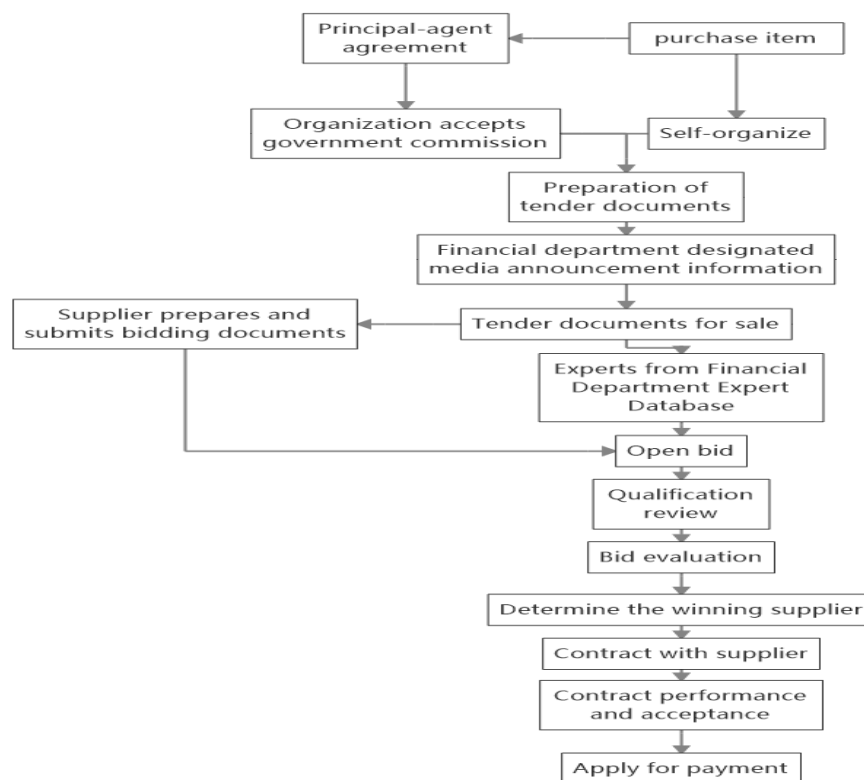


Figure 2. Chinese contracting service flow figure

2.3. Summary and Improvement Stages After Contracting

The Party Central Committee and the State Council stressed the need to strengthen the use of performance evaluation in government work, to ensure the realization of public responsibility, public value, and public interest. Prior to the "The Pipes Suit" reform, the financial department issued the "Guiding Opinions on Third Party Performance Evaluation of contracting" "Because of the lack of corresponding technical means and professional talents, the relevant provisions in the policies and regulations are just air towers. At the same time, China's governance mainly adopts a sports governance strategy. Once the central government implements a certain policy, a" epidemic "will be triggered everywhere. Due to the influence of the political tournament and the administrative pressure system, the government adopted a collusion method to respond to higher-level tasks, and the performance evaluation of non-government organizations in various places was carried out in a form. " The Pipes Suit " reform emphasizes simplifying administration and decentralization, optimizing services, requiring non-government organizations to clearly define their own positions, and continuously

improving the system of contracting organization services, such as establishing a contracting service information platform, establishing a reform leadership group, and performance review. Promulgation of management methods and opinions from experts. In addition, the quality and satisfaction of the services provided by non-government organizations serve as the entry threshold for non-government organizations to participate in the provision of public services, reducing the government's risk of contracting non-government organizations services.

Although the contracting of services is an exotic product, in China's practice, in accordance with the policies of the Chinese pressure-type system and the implementation of sports governance, a unique project system in China has been promoted to the performance of government functions and the realization of public fiduciary responsibilities. However, the current local government is too enthusiastic about the government's performance in contracting non-government organizations services. In this case, there will be a lack of rational thinking and overkill concepts. At the same time, "The Pipes Suit" reform will more actively cultivate social forces, and the types of non-government organizations are diverse, which can better meet the people's needs for a better life.

3. FACTORS OF CONTRACTING NON-GOVERNMENT ORGANIZATION SERVICES

The change in contracting of non-government organizations services is mainly manifested in the government policy documents and practices. Is the government and non-government organization's own positioning consistent? How does the government's and non-government organization's own positioning occur, develop, and evolve? Examining the driving factors of the evolution of government-society relations in our country can answer this question and comprehensively examine the current status of contracting of non-government organizations services in the three stages.

First, China proposes the reform of "The Pipes Suit", which emphasizes streamlining administration delegate powers, and improve regulation and services and transforming government functions, improving administrative efficiency, and transferring all functions that social forces can undertake to non-government organizations. contracting of non-government organizations services is an important way to change government functions. There are sufficient funds to cultivate and develop non-government organizations, unblock the expressions and needs of non-government organizations, and better realize the performance of government functions. At the same time, with the development of economy and society, the social value and awareness of social responsibility of enterprises and non-government organizations have been awakened. For example, according to statistics from the Ministry of Civil Affairs, donations from non-government organizations nationwide reached 91.97 billion yuan in 2018. Among the opportunities for deregulation, especially when the government relaxes the access mechanism of non-government organizations and cancels contracting of non-government organizations registration directories, non-government organizations focus on improving their management, organizational and professional capabilities, expanding channels of funding sources, and training for member organizations. And learn to reduce dependence on government departments.

Second Since the 18th CPC National Congress, China has emphasized governing the country according to the law, advocating standardization of governance and rule of law. After the "The Pipes Suit" reform, the government has continuously optimized the business environment and strengthened the supervision mechanism. Government departments have also gradually realized that contracting of services does not give up public responsibility. Instead, it puts forward higher requirements for government management capabilities; government departments and non-government organizations establish negative lists of powers and regulate

their respective responsibilities; at the same time, the central government strengthens party culture and various special education activities to change the concept of relevant personnel from the perspective of ideology. Pay attention to the use of the Internet and big data in information disclosure and supervision and management, stimulate the initiative and enthusiasm of communication between government departments and non-government organizations, and clearly define the responsibilities, scope, and scope of government departments and government and non-government organizations through laws and regulations and rules and regulations. The task is to strengthen the training of professional talents and the training of related subjects in various regions, strengthen the standardized operation and implementation of management processes and standards based on the actual conditions in the region, get rid of the rule of man and the operation of relational capital, and achieve the rule of law and standardization of management, fulfill the needs of the people for a better life.

Third, the "The Pipes Suit" reform combines information technology, especially the Internet, big data, and government affairs, and optimizes the interface of government functions. It also opened up channels for supervision and public opinion expression, and part-time jobs of experts and scholars, to a certain extent, ensuring the objectivity and scientificity of the performance evaluation of contracting services. At the same time, the government's supervision of non-government organizations has changed from internal supervision to external supervision. In practice, management methods such as effectiveness monitoring, 10,000-person evaluation of the government, and performance evaluation of the leadership team have been explored. Take performance evaluation as the main reference for establishing a reasonable index system for classified indicators, arranging budgets, and strengthening the rationality of fund allocation, vigorously develop the performance evaluation intermediary system, and strengthen industry guidance and norms, so as to provide effective technical support for government procurement service budget performance evaluation; Pay attention to the prevention of risks before, during and after purchase, and establish a risk indicator system.

4. SUMMARY

Scholars are the eyes and brains of society. Their thoughts, insights, visions, and actions will lead the social and cultural trends. Based on this, the author explores the evolution of government-society relations during contracting of non-government organizations services. The logic of non-government organizations evolution points out that in order to achieve public fiduciary responsibility, contracting of non-government organizations services has different manifestations at different times. What are the reasons for the different manifestations? Whether non-government organizations can get out of the predicament of public service supply and overcome various shortcomings generated by the project system, this is a key issue of concern in the theoretical and academic circles. The author only shows the current status of contracting of non-government organizations services through policy text analysis. There is still a lot of gaps in this descriptive research. More scientific and explanatory research is needed, and the scope of data acquisition should be expanded as much as possible to solve the phenomenon described in the article.

REFERENCES

- [1] Trevo L. Brown M P. Contracting for Complex Products[J]. Journal of Public Administration Research and Theory, Vol. 20 (2009) No. 1, p. 41-58.
- [2] Brundney J L, Fernandez S, Ryu J E, et al. Exploring and Explaining Contracting Out: Patterns among the American States[J]. Journal of Public Administration Research and Theory, Vol. 15 (2004) No. 3, p. 393-419.

- [3] Hefetz A. Privatization and Its Reverse: Explaining the Dynamics of the Government Contracting Process[J]. *Journal of Public Administration Research and Theory*, Vol. 14 (2004) No. 2, p. 171-190.
- [4] Savas E S. Competition and Choice in New York City Social Services[J]. *Public Administration Review*, Vol. 62 (2002) No. 1, p. 82-91.
- [5] X.Q.Yu, X.Wang, J.Tao, et al. Identification and measurement of effective demand for contracting of social management services in the context of big data [J]. *China Administration*, (2018) No.9,p.30-36.
- [6] Y.Zhan. "Concentric Circle" Structure and Its "Principal-Agent" Relationship in the Governance of non-government organizations——A Study Based on the Hub City Organizations [J]. *Journal of Public Management*,(2018)No.3,p.129-141.
- [7] Sundell A, Lapuente V. Adam Smith or Machiavelli? Political incentives for contracting out local public services[J]. *Public Choice*, Vol. 153(2012) No. 3-4, p. 469-485.
- [8] Amirkhanyan A, Kim H J, Lambright K T. Closer Than "Arms Length": Understanding the Factors Associated With Collaborative Contracting[J]. *The American Review of Public Administration*, Vol. 42 (2011) No. 3, p. 341-366.
- [9] David M V S. The Mythology of Privatization in Contracting for Social Services[J]. *Public Administration Review*, Vol. 63(2003) No. 3, p. 296-315.
- [10] Hefetz A, Warner M, Vigoda-Gadot E. Concurrent Sourcing in the Public Sector: A Strategy to Manage Contracting Risk[J]. *International Public Management Journal*, Vol.17 (2004) No.3, p. 365-386.
- [11] Albalade D, Bel G, Geddes R. Recovery Risk and Labor Costs in Public-Private Partnerships: Contractual Choice in the US Water Industry[J]. *Local Government Studies*, Vol. 39(2013) No.3, p. 332-351.
- [12] Bel G, Brown T, Marques R C. Public-Private Partnerships: Infrastructure, Transportation and Local Services[J]. *Local Government Studies*, Vol. 39 (2013) No. 3, p. 303-311.
- [13] Avery G. Outsourcing Public Health Laboratory Services: A Blueprint for Determining Whether to Privatize and How[J]. *Public Administration Review*, Vol. 60 (2000) No. 4, p. 330-337.
- [14] Q.Y.Han, T.Sun. Study on the Effectiveness of contracting of Public Services and Its Influencing Factors-Based on 153 Cases of contracting of Public Services [j]. *Journal of Public Management*, Vol. 16 (2019) No. 3, p. 62-72.
- [15] L.Q. Cai. Expression of Government's Demand for Buying Public Services from non-government organizations: An Analysis Framework Based on Tripartite Subjects [j]. *Studies in Political Science*, (2018)No.01,p 70-81.
- [16] Siddioi S, Masud T I, Sabrib B. Contracting but not without caution: experience with outsourcing of health services in countries of the Eastern Mediterranean Region[J]. *Bulletin of the World Health Organization*, Vol. 84(2006) No. 11, p. 867-875.
- [17] Cannadi J, Dollery B. An Evaluation of Private Sector Provision of Public Infrastructure in Australian Local Government[J]. Vol. 64 (2005) No. 3, p. 112-118.
- [18] Brown T L, Potoski M. Managing Contract Performance: A Transaction Costs Approach[J]. *Journal of Policy Analysis and Management*, Vol. 22 (2003) No. 2, p. 275-297.
- [19] Bernstein D J. Local government measurement use to focus on performance and results[J]. *Evaluation and Program Planning*, (2001)No.24,p.95-101.
- [20] K.Q.Wang, K.X.Ma, Liu Hongmei. Performance Evaluation Experiences, Problems and Promotion Strategies of Government's Purchase of non-government organizations Service Projects——Based on Surveys and Interviews in Shanghai [j]. *China Administration*, (2019)No.7,p.42-47.

- [21] Y.Jing, Savas E.S. Managing Collaborative Service Delivery: Comparing China and the United States [J]. *Public Administration Review*, Vol. 69 (2009) No. S1, p. S101-S107.
- [22] Y.Dong. Empirical Research on Public Service Contract Outsourcing of American Local Governments-Empirical Research Based on Solid Waste Collection Services [J]. *China Administration*, (2019) No.8, p. 145-150.
- [23] L.Xu, X.X.Yang. Self-adjustment of non-government organizations in contracting Services [J]. *Guizhou Social Sciences*, (2019) No.5, p. 114-122.
- [24] B.Yang. Embedded Structure, Resource Mobilization and Project Implementation Effect: A Comparative Study of Cases of Government Buying non-government organizations Services [J]. *Journal of Public Management*, (2018) No.3, p.39-50.
- [25] Y.F.Zhang. Viewing the development level of China's non-profit sector from an international comparison [J]. *China's Third Sector Research*, Vol. 14(2018) No. 1, p. 3-20.
- [26] B. C. Wu. From Classified Control to Embedded Governance: non-government organizations Governance Transformation Behind Project System Operation [J]. *Journal of Gansu Institute of Public Administration*, (2016) NO. 3, p. 80-87.