

Functional relationship model-based research on participation of non-government organization in social management innovation

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Abstract

Participation of non-government organization (NGO) in social management is an inexorable trend of current social progress. Social management innovation needs NGO which can assist government in social management with their advantages. Studying participation of NGO in social management plays an important role in facilitating social prosperity, stability and development. Firstly, this paper analyzed the necessity and significance of NGO participation in social management. Secondly, development problems of NGO were discussed through function relationship and curvilinear relationship. Results demonstrated that development and perfection of NGO are the symbol of social maturity, and NGO is an essential component of the new social management with Chinese characteristics. Finally, suggestions on perfecting participation of NGO in social management were proposed.

Keywords: functional relationship model; NGO; social management mode; social management innovation

1 Introduction

NGO refers to “non-profit organizations” or “the third sector”. They are created to assist government organizations in social management. They are mainly engaged in public benefit activities rather than profitable businesses. NGO mainly includes various social organizations, foundations and private non-enterprise units. They have been developing quickly in China since 1990s. Salamon’s (a university professor from the United States) tracking study of 35 countries reported that by the end of 20th century, expenditures of NGO reached 1,300 billion dollars, and expenditures of NGO in developed countries accounted for about 5% of their GDP. China’s NGO experienced four stages. According to statistics of Ministry of Civil Affairs, there were only 4,446 NGOs in 1989, which increased to 260,000 in 2003 and nearly 500,000 nowadays. In fact, there’s a large scale of nonregistered NGOs which are unbounded for China’s high registration requirements. Moreover, a lot of foreign NGOs settled in China after the reform and opening-up. There are more than 800 registered foreign NGOs. However, China still has less and poorer NGOs compared to foreign countries. They hardly promote social and economic development. The rapid economic development complicates economic-society relation increasingly. With limited government functions, NGO shall participate in social management to guarantee stable social order and rapid economic development. Therefore, how to perfect China’s NGO, enhance their effect in social management and use them to accelerate social management innovation are urgent problems at the present.

2 Causes of NGO’s role in social management innovation

2.1 CURRENT SOCIAL DEVELOPMENT

China’s current social development is the foundation for NGO to participate in social management. Economic development drives China’s social reform and brings different social economic groups. These social economic groups evolved into different social levels which have different requirements on social management. They all want their benefits to be satisfied through national policies. This will surely cause contradictions among different social levels and thereby influence social development. Government organization, administrator of the whole society, couldn’t meet demands of levels and individuals, but can only satisfy needs of different levels macroscopically. As a result, NGO focusing on demands of levels and individuals is needed to solve social contradictions fundamentally. This is the current social situation of China.

2.2 DIVERSIFIED SOCIAL DEVELOPMENT

Diversified social development is one condition for NGO to participate in social management. Influenced by market economy, Chinese citizens awake their subject consciousness and ask for rights in national administration and social management directly. However, since there’s no reasonable and legal channel for citizens to participate in social management, NGO that can help citizens to form ordered organization and enable them to be involved in social management is needed. If there’s no organization, the society will be in chaos. Reliable organizations must be from the public. NGO is the best choice because it acts on the behalf of different citizens.

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2.3 IMPERFECT SOCIAL MANAGEMENT OF GOVERNMENT

Imperfect social management of government creates another condition for NGO to participate in social management. Most of social problems are solved by government in China, but social problems cover the whole society and government couldn't take all things into consideration. With the social development, many social management philosophies of government will become inapplicable to social management. Although many social problems and social contradictions can be relieved and solved through government management, NGO is still needed to help government to solve these problems fundamentally. Furthermore, it is necessary to reform social management philosophy of government, which needs assistance from NGO. Government shall set up service government, create new social management mode and relax restrictions to NGO.

3 Difficulties of NGO in social management innovation

Recently, NGO in China is expanding continuously and takes part in social management actively. To serve society better and maintain social stability, government is changing social management philosophy and creating new social management model vigorously. However, NGO is still facing with some difficulties in social management innovation.

3.1 LACK OF LEGAL PROTECTION

After the foundation of new China, a series of laws and regulations have been issued successively for NGO, including "Interim Procedures for Social Group Registration", "Regulations on Registration Management of Social Groups", "Public Welfare Donation Act of the People's Republic of China" and "Provisional Regulations on Registration Management of Private Non-enterprise organizations". These laws and regulations create a favorable environment and provide certain guarantee for NGO development. But viewed from current social development, NGO is still beyond the legal protection in many social management fields. As a result, NGO is restricted to help the government to solve many social problems and political issues. On the whole, NGO lacks a general law with clear regulations on NGO behaviors. Additionally, some NGOs will take the advantage of legal loopholes to earn profits. This will cause serious adverse impact on social development.

3.2 INTERNAL PROBLEMS OF NGO

Internal problems of NGO will affect its capability in social management innovation. Among them, inner member structure of NGO is the most important one (Figure 1).

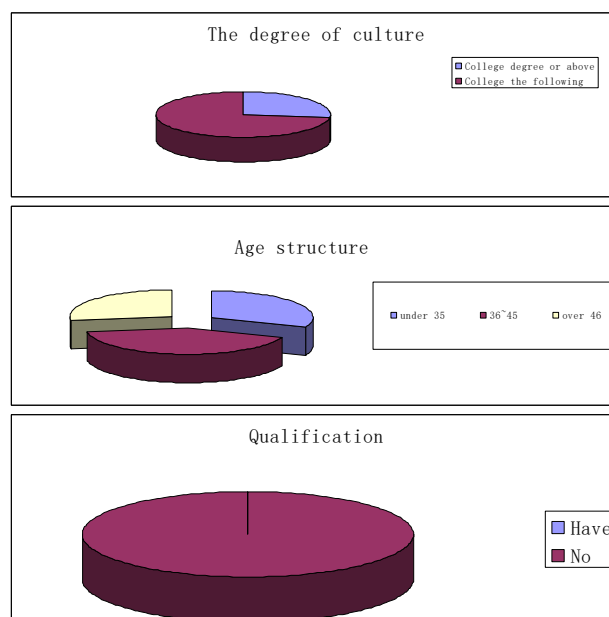


FIGURE 1 Survey on internal members of NGO in 2010

In Figure 1, most internal members of NGO are old and have low cultural quality. This restricts NGO to participate in social management innovation significantly. Lack of perfect organizational system is another restriction. There's one saying goes that "no rules, no justice". Perfect organizational system is the prerequisite of organization. However, many NGOs have no perfect organizational system and many plans depend on charm of the organizer, resulting in the great randomness of decision-making. Besides, existing NGOs have poor funds management, which will influence their operation significantly. These influencing factors make NGO unable to take part in social management innovation normally.

3.3 POOR SUSTAINABLE DEVELOPMENT

Although the Chinese government attaches high attention on NGO development at present, it only offers small support.

3.3.1 Registration restrictions

Due to China's high registration restrictions to NGO, many NGOs exist "unregistered". It is difficult for these unregistered NGOs to help government in social management innovation.

3.3.2 Financial issues

Capital sources of NGO in China are shown in Fig.2, which reflects very unstable capital sources. Government only offer 53% funds, while the rest 47% comes from self financing. Many qualified NGOs disband for discontinuity of funds. A questionnaire survey on China's NGOs discovered that most NGOs in China are facing with fund shortage. This is the most serious problems of NGOs in China and is caused by China's long-term emphasis on economic development during the modernization.

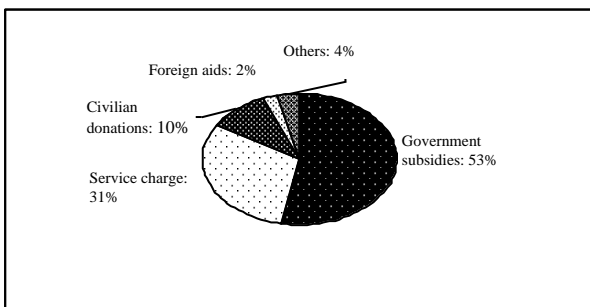


FIGURE 2 Capital sources of NGO in China

Table 1 shows the financial expenditures of China and America. Obviously, proportion of financial expenditures on social management in China is lower than that in developed countries. Government investment is vital to NGO operation. However, China can only provide limited financial support to NGO development. This explains the poor NGO development in China. Viewed from economics, only increasing financial expenditures on social management can a country to promote better economic development. This can be depicted by the following functional relationship:

$$S(x) = S[K(x), Y(x), SSE(x)] \tag{1}$$

Where $S(x)$ is the fiscal revenue of a country, $K(x)$ is the capital amount of the country, $Y(x)$ is human capital reserves, and $SSE(x)$ is national expenditures on social management. Then, derivation of $S(x)/SSE(x)$ is:

$$\frac{dS(x)}{dSSE(x)} = \frac{dS(x)dK(x)}{d[K(x)]dSSE(x)} + \frac{dS(x)dY(x)}{d[Y(x)]dSSE(x)} + \frac{dS(x)}{d[SSE(x)]} \tag{2}$$

According to this general growth model, increasing $SSE(x)$ will influence $S(x)$ directly. The higher the $SSE(x)$ is, the more it will return. Therefore, China shall pay high attention to financial expenditures on social management.

Table 1 Allocation of government funds in China and America.

3.3.3 Relationship with government functions

Social management can be divided into government management and NGO management. There's an inversely proportional relationship between them. Let G represent government management and F represent NGO management. Then, $aG + bF = I$ (I is a constant). If view them as two commodities and the social management as customer satisfaction, a function can be established: $W = L(G) + H(F)$.

Under fixed environment, there's a maximum W , indicating the best condition. The utility curve is shown in Fig.3. The curve closer to the origin has lower utility. Same curve has same utility. The straight line in Fig.3 is $I = G + F$. Given fixed conditions, I will remain constant. Although the straight line intersects with many utility curves, the tangent utility curve is the optimum combination of G and F .

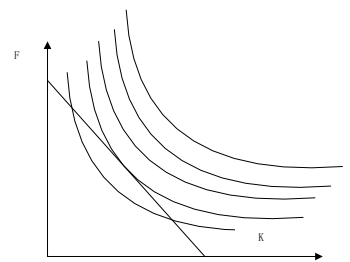


FIGURE 3. Utility curves

The optimum combination can be calculated from functional relationship and curvilinear relationship:

$$\begin{cases} I = aG + bF \\ W = L(G) + H(F) \end{cases} \tag{3}$$

After derivation, (3) will turn into:

$$\begin{cases} \frac{dI}{dG} = a \\ \frac{dI}{dF} = b \\ \frac{dW}{dG} = \frac{dW}{d[L(G)]} \\ \frac{dW}{dF} = \frac{dW}{d[H(F)]} \end{cases} \tag{4}$$

This can further simplify into:

$$\begin{cases} \frac{dW}{dG} = a \\ \frac{dW}{dF} = b \end{cases} \tag{5}$$

Where I is social management scope (including government management and NGO management) and W is management effect (or public satisfaction). Based on equation (4) and good characteristics of utility curves, utility is determined by (1) I ; (2) fulfillment of government and non-government functions. Although government organization and NGO affect social management to different extents, they can complement and supervise each other. Therefore, they exist independently. However, government organization and NGO are not independent individuals. NGO is administered by government organization strictly, which makes its functions covered within or even stressed by functions of government organization. NGO can only act according to government views and advices, while government organization or officers can intervene in NGO operation directly. Consequently, they are unified and form serious interest relationships. NGO is administrated by government organization completely. Under this circumstance, I is changed into:

$$I = aG + bG' \tag{5}$$

If government organization and NGO are assimilated completely, the actual role of NGO will disappear:

$$H(F) = 0 \tag{6}$$

$$W = L(G) \tag{7}$$

Actually, many NGOs in China have lost their object functions and only serve as subsidiaries of government, such as Labor Union and Chamber of Commerce.

4 Suggestions on how to perfect NGO

4.1 PERFECT LEGAL SYSTEM

Perfecting laws for NGO is an important guarantee of NGO development and social management innovation. Many western developed countries perfect laws one by one. Instead of depending or copy foreign laws, China shall formulate clear provisions for NGO immediately according to the current development status, China's national conditions and social problems. This is the theoretical basis for NGO to participate in social management innovation.

4.2 PROPEL REFORM OF GOVERNMENT MANAGEMENT SYSTEM

Government management system shall be changed properly to create a good environment for NGO development. Reform of government's social management system is in favor of NGO development. Firstly, government shall support NGO development, relax restrictions on NGO registration, and simplify registration procedures, and safeguard their independence and self-governing. Secondly, transformation of government functions from administrative government to service government shall be accelerated. Government shall delegate more social managements to NGO. This can reduce burdens of government.

4.3 BROADEN CAPITAL SOURCES OF NGO

Currently, China's NGOs have simple capital sources and weak financing capability. This is why NGOs are difficult to be involved in social management. Therefore, it is important to broaden financing channels of NGOs and help them gain adequate funds to participate in social management. Firstly, NGOs shall improve their own business capacity to collect funds. This not only can enhance their public service capabilities, but also can increase their public awareness, enabling to collecting more funds for activities. Secondly, they shall intensify relationship with government to win financial support from government. Finally, they can provide paid services to customers.

5 Building reasonable social management mode

To make NGO be able to participate in social management, social management mode also shall be reformed except for perfecting NGOs.

1) Recognize goals

Firstly, NGOs are to assist government organizations in social management and maintain stable social development. Therefore, reform of social management mode shall match with socialist market economy, coordinate with China's characteristic political party system, and follow the principle of "citizens' interest-oriented and at the behest of Chinese Communist Party". Only this way that could the social management model reformed smoothly.

2) Understand relationship among government, NGO and citizens correctly

Social management innovation is based on correct understanding of relationship among government, NGO and citizens. NGO is the representative of social force and set of citizens. The state-society relation theory developed with recent economic development declared that China is transforming from administrative government to service government. Some national governance rights will return to citizens. NGO is the channel for citizens to participate in social management. This can narrow the gap among government, NGO and citizens, thus leading to better social management.

3) Build networked management

Since social development will cause various emergencies, it is necessary to build networked social management. Networked management refers to the solid crossing management between government and non-government organizations. It covers all social levels. NGO is the subject of such networked management, because NGO with huge mass base can protect social security and handle social problems better. However, the core status of government in such networked management is unshakeable. This is because China is a socialist country under the people's democratic dictatorship led by the working class, while Chinese Communist Party is the vanguard of working class and the core leadership of socialism with Chinese characteristics.

4) Make full use of NGO advantages

With the increasing clear social division of labor, only NGOs with unique advantages can help government in social management and social management innovation. These unique advantages shall cover all social needs (Figure 4).



FIGURE 4. Advantages of NGO

NGO shall involve all social aspects, such as education, science, culture, politics, economics, etc.

In a word, NGO plays an important role in building a social management mode with Chinese characteristics. Development and perfection of NGO are the symbol of social maturity.

Nowadays, NGO in China is expanding continuously and takes part in social management actively. However, there are still some difficulties against NGO participation in social management. Social management innovation is the biggest difficulty. It is the prerequisite for NGO to participate in social management truly and promote China's social progress.

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