

# **The Community Philanthropic Foundation: A New Form of Independent Public Service Provider for China?**

## **Abstract**

There have been growing calls for new theories understand public governance with respect to service provision collaboration involving non-profit and for-profit actors. In this article, we develop a formal framework for analyzing whether and how Independent Public Service Providers (IPSPs) change cross-sector collaboration (CSC). We examine new forms of collaboration in non-profit organizations (NPOs) in China. Based on a discussion of the effectiveness of public service delivery by community philanthropic foundations in three Chinese cities, our analysis reveals that the new type of collaboration entities are attempting to meet unfulfilled public needs. Outside the government's hierarchical structure, non-profit and for-profit actors jointly form independent organizations to address public issues. However, because public governance systems are more centralized in China than in many Western countries, the country faces major challenges in the production and delivery of public goods and in implementing service reforms. This article extends the existing research discourse on public governance and cross-sector collaboration (CSC).

## **Keywords**

Independent public service providers (IPSPs), cross-sector collaboration (CSC), public governance, community philanthropic foundation (CPFs)

## **Introduction**

All over the world, New Public Managements reforms have been supplemented by and mixed with post-NPM in a kind of hybrid governance (Christensen & Lægreid 2007; Pollitt & Bouckaert 2017). In post-NPM the focus has been not only on how to improve collaboration and coordination within the public apparatus, but in particular how collaboration between the private and public sectors works with different organizational forms. **The public administrative practices of governance are hybrid in form and emphasize horizontal, networked associations and a collaborative approach to service provision (Wachhaus 2014).** Osborne's (2010) concept of New Public Governance (NPG) signifies a new type of collaboration, often network based, that takes a wide variety of forms and in which private and public actors play different roles. **NPG**

emphasizes partnership and collaboration instead of competition (Morgan & Cook 2014; Ospina & Foldy 2015; Bryson, Ackermann & Eden 2016; Vangen 2017).

The independent public service provider (IPSP) is an emergent type of cross-sector collaboration (CSC) designed to meet unfulfilled public needs. Cross-sector collaborations (CSCs) seem to play an important role in both instrumental and symbolic terms in the production and delivery of public goods or services by joining-up government, for-profit and non-profit organizations. However, little is known about the approach IPSPs adopt in collaborating with government and how they respond to policy change. Among cross-sector collaboration institutions, IPSPs are unique in that they are rather independent of government and are more “self-directed entities” (Forrer et al. 2014, p.19).

IPSPs are seen as a direct response to the challenges that governments face in administering the public sector, especially in delivering integrated services and dealing with the global challenges of ‘wicked problems’ (Weber and Khademian 2008). The latter make government-only solutions difficult for many countries, including China. Governments are required to provide public goods and services, while usually lacking the organizations, resources and staff to respond to the new requirements (Salamon 2012; Jing & Gong 2012; Lecy & Van Slyke 2013; Zhang 2017; Yu & Chen 2018), especially when the problems straddle several different levels or sectors.

In Western countries, many scholars have begun to pay closer attention to CSCs (Forrer et al. 2014; Bryson et al. 2015; Mendel 2016). We increasingly rely on an interconnected network of public, private, and nonprofit actors working together across boundaries to deliver public services (Wachhaus 2014). Over the past thirty years, researchers have been interested in three major trends: quasi-governmental structures, government contracting and decentralization. In the early twenty-first century, there have been many studies of three new forms of CSC that have emerged in the Anglo-Saxon countries: partnerships, networks and IPSPs (Forrer et al. 2014). Research on the governance of public service delivery in developing countries has highlighted the importance of non-profit organizations (NPOs) for assuming greater responsibility for the effective provision of public services and good governance (e.g. Batley et al. 2012).

However, we still know little about IPSPs in China and other rapidly developing countries, where numerous public sector reforms are under way. China is a fascinating case study for analyzing IPSPs, because of its unique government system and because of the priorities that structure the field of Chinese philanthropy in key and consequential

ways (Lai et al. 2015). Compared with their counterparts in the West, NPOs in China may face fundamentally different institutional contexts (Kim & Kim 2015), the government used to restrict NPOs activities that might challenge the party-state regime; however, economic reforms have made Chinese society more pluralistic (Zhan & Tang 2016). Especially, China does not have an open, horizontally separated political system like in Western countries, and only has a state-led civil society (Zhang 2017). It is an authoritarian state and its political system is relatively closed (Hsu & Hasmath 2014). In China, according to the Charity Law issued by the Ministry of Civil Affairs (MOCA), which is in charge of NPO registration and supervision, there are three kinds of philanthropic organizations: foundations, associations and social-service organizations. Community philanthropic foundation (CPF) is a new kind of foundation which will discuss next. NPOs in China even civic NPO leaders are more likely to utilize their government ties to grow, CPFs are not exception which is related to the recent developments of philanthropy (Guo & Brown 2006; Zhan & Tang 2016; Guo & Lai 2017; Zhang 2017). Therefore, this article examines, using representative cases, whether and how IPSPs have changed how CSC works in China and show how Chinese reforms reflect public sector reforms worldwide. In light of this reality and the complex situation in China, it formally addresses the following research questions:

- What is typical for IPSPs and what are the similarities and the differences between them and other cross-sector CSCs?
- Have IPSPs changed the way CSCs work in China through the community philanthropic foundations? To what degree have they met public needs or promoted social innovation?
- What comparisons can be drawn between IPSPs in China and in major Western countries?

The remainder of this article is divided into six parts. First, we explain in more detail the theoretical foundations for and types of CSCs. Second, we analyze IPSPs and distinguish them from other CSCs. Third, we present our methods of data collection and measurement. Fourth, we describe the role of community philanthropic foundations in China using evidence from field research. Fifth, we discuss the limits of community philanthropic foundations in China and the differences between them. This is followed by a comparative discussion. Sixth, we conclude by drawing implications for the IPSP

debate.

The empirical cases we use in this article are based on two rounds of field research conducted between 2015 and 2017 in three cities in China: Shanghai, Shenzhen and Nanjing. The data also come from participant observation, which included meetings of community philanthropic foundations, interviews with key government officials and community philanthropic foundation leaders, **allowed us to address and answer the questions we set out to address**. We triangulate the data (Kelly 1999, p.380) by referring to multiple sources of observations.

### **Cross-sector collaboration arrangements**

Given the diverse nature within the collaboration field, there is a need for better conceptual framework. The concept of cross-sector collaboration (CSC) and collaboration are closely related in Anglo-centric public administration. Hence, it is necessary to understand how collaboration is defined and discussed in Anglo-centric research. Etymologically, the word ‘collaboration’ is different to ‘cooperation’ which can be purchased or demanded in the modern English (O’Flynn 2009). O’Flynn argues that formal definitions abound in the diverse literature, but it is used fairly loosely in the public policy circles. The word ‘collaboration’ used to refer to ‘a process in which organizations exchange information, alter activities, share resources, and enhance each other’s capacity for mutual benefit and a common purpose by sharing risks, responsibilities, and rewards’ (Himmelman 2002, p.3). Others have described collaboration as ‘co-creation in social innovation’ (Voorberg et al. 2017, p.365), because governments need to find new forms of close collaboration with semi-public, private and civic stakeholders to deliver public services. Co-creation can be described as the involvement of citizens in the initiation and/or the design of public services to develop beneficial outcomes (Voorberg, Bekkers, & Tummers, 2015, p. 1347). While, the literature on collaboration has left relatively unexplored, especially due to a lack of international comparative research so far (Brandsen & Honingh, 2016). In summary, collaboration has remained a central subject matter in public administration studies. Because at the heart of these discussions, there is a notion that citizens should be treated as active co-producers of the public services they receive (Fledderus, Brandsen & Honingh, 2014). Collaboration is believed to foster trust.

The complexity of social problems and challenges facing all public managers “requires concerted action across multiple sectors” (Kettl 2006, 13). Scholars have

characterized the relationship between the three sectors – private, non-profit sector and government – in many different ways. **What is the concept of CSC? CSC is the voluntary linking of organizations in two or more sectors in a common effort that involves sharing information, resources, activities, risks and decision-making in a bid to achieve an agreed public outcome that one organization acting alone would have found it difficult or even impossible to achieve (Bryson et al. 2006, 2015). CSCs showed successful joined-up approaches and delivered enhanced outcomes for communities (O’Flynn 2014).** CSCs can take many different forms, from contracting to partnerships, networks, and IPSPs, and the provision and delivery of public goods and services ranges from nearly full public provision to close to total privatization. These options represent basic models that public administrators may choose. Each one has its basic characteristics, expectations, tensions and implications.

#### *Contracting out*

Contracting out means that non-governmental organizations supply something that is essential to a government function, while being controlled or regulated by the government. Collaborative contracts share some of the following characteristics: (1) they involve incomplete specifications of expectations (Brown et al. 2011); (2) they are relational (Bertelli & Smith 2009); and (3) they are generally long term with repeated interactions (Gazley 2008). Collaborative contracts are built on a relationship of trust and ongoing interactions and they are “a deliberate decision about contract design and management” (Van Slyke 2009, p.148).

#### *Cross-sector partnerships*

Scholars have suggested different modes of partnership between cross-sector organizations. Salamon (1995) established a complementary inter-sectorial partnership model. Boris and Steuerle (1999) have also proposed theories about the partnership between the non-profit sector and government. While Young (2006), in contrast, has suggested a model of government/non-profit partnership in which public services are financed by government and delivered by NPOs. This could be the typical public-private partnership (PPP) (Hodge & Greve 2007). **The nature and evolution of the relationship between government and NPOs will be understood both in terms of governmental nonprofit funding and in terms of governmental control (Verscheure & Corte 2010).** Prior to the financial crisis, many Western countries implemented public-private partnership models in diverse areas (Sheppard & Beck 2016). For instance, a

PPP related to infrastructure may involve a complex set of parties (Jooste & Scott 2012). Cross-sector partnerships share the core characterizations of CSCs, such as that the more power and risk are shared among partners, the more dependent they are on each other.

### *Network Governance*

The new wave of public governance reforms has tended to perceive governance networks as potential arenas for collaboration between actors from the public and private sectors. Network Governance theorists now claim that recent changes represent a ‘paradigmatic’ shift or ‘a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed’ (Rhodes 1996, p. 652-653; Sørensen & Torfing 2009). They assume that societies are moving towards more decentralization, with political and administrative power becoming less concentrated (Laffin 2016). Networks are collaborative structures that involve autonomous organizations while working interdependently with both government and nongovernmental participants (Milward & Provan 2006). *Philanthropy emerges as a central component of contemporary networked governance (Jung & Harrow 2015).*

### *Independent public service providers*

IPSPs are the latest type of CSC to emerge. Contrary to the core assumption of other CSCs, IPSPs usually have two extreme conditions of collaboration: the first is that IPSPs can offer the most innovative approaches to delivering public services; the second is that IPSPs can thrive on designing and implementing more effective public services (Forrer et al. 2014, p.139). We will explore IPSPs’ basic characteristics, expectations, advantages and disadvantages in more detail in the following, and then look at the link between IPSPs and public service reforms in China using specific cases, especially how China imitates ongoing IPSPs reforms.

Before that, we first characterize the four modes of cross-sector collaboration. Table 1 shows the four CSC modes and their characteristic means of product and service delivery.

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Table 1 about here

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### **A closer look at key IPSP characteristics**

Well-functioning civil participation is one of the key forces for improving the effectiveness of public governance and public service delivery (Klijn & Koppenjan 2000; Wolman & Page 2002; Eriksson 2012). IPSPs are defined as “self-directed entities” that are “composed of businesses, nonprofit organizations, and governmental units that collaborate in the production or delivery of public goods or services”, “but operate outside the sphere of government control and oversight” (Forrer et al. 2014, 19, 140). IPSP is the core part and combination of three circles in the governance landscape: the multi-sector circle, the public services circle and the self-directed circle. Consequently, IPSPs have three unique characteristics that distinguish them from other CSCs and quasi-official agencies.

First, IPSPs are largely self-directed. And they operate, at least in principle, separately from government direction. Accordingly, IPSPs create their own missions and determine their own operations. Their efforts may incorporate government programs into a more integrated and comprehensive approach, while networks enhance and expand the resources and capabilities available to governments. Their self-directed quality potentially offers IPSPs a new vision and a new way to collaborate, including with respect to governance.

Second, IPSPs comprise multiple stakeholders. IPSPs are formed with the intention of collaborating with stakeholders. They take a different approach to delivering public services grounded in multi-sector collaboration. This parameter makes IPSPs different from contracts and partnerships. For an IPSP, collaboration is an important aspect of its core mission as shown above; on the other hand, non-profit or for-profit organizations collaborate more incidentally related to their mission and identity. How they can serve as an effective collaboration partner is important for business, but only proactive firms are likely to be more valuable collaborative partners for public managers (Kim & Darnall, 2016).

Third, IPSPs provide public goods and services. The public services provided by IPSPs are according to public regulations. But IPSPs may offer public services that are distinctive and may be accessible to diverse communities. In contrast, the public services provided by other forms of CSC are defined by government policy, and government agencies must impose limits on the scope of their activities (Forrer et al. 2014, 141-146). In contrast to contractors, partnerships, and networks, IPSPs have more

discretion and autonomy in determining the types of services they provide and the methods they use to do so.

As Table 1 indicates, IPSPs represent a new vision of cross-sector collaboration and public governance. Of course, not all IPSPs are exactly the same, but may vary depending on the mix of the three principal traits outlined above. For instance, the Global Network for Neglected Tropical Diseases (GNNTD), launched in the United States in 2006, is a classic example of an IPSP formed by a coalition of for-profit and non-profit actors; the members of the First Response Team of America are a relatively small coalition of community partners. **Keep in mind, these descriptions of IPSPs have evolved in recent years in Western countries and therefore might have only limited applicability to the Chinese context. Additionally the way IPSPs are organized across Western countries itself differs widely. For instance, European experiences do not necessarily follow these examples, which highlights more state-centered approaches as compared to those common in the US. (Valkama, Asenova & Bailey 2015; Jung & Harrow 2015).**

In the following, we illustrate the characteristics present of IPSPs using evidence from field research conducted into community philanthropic foundations (CPFs) in China.

### **Data Collection and Analysis**

**There are no unitary official statistics about community philanthropic foundations issued by the government in China.** To survey community philanthropic foundations in China, we used three different methods of data collection. First, we used an existing Web-based database from the *China Foundation Center* (a legally registered public charity with the world's leading source of Chinese philanthropic foundation information) that provides a list of foundations, including sixty-eight community philanthropic foundations in China. **Of course, some data can be gained from the *Community Foundation Atlas* and *China Development Brief*, while the data are scattered and already contained in the previous database, then we only report the *China Foundation Center*.**

Second, our data were obtained from an original survey of CPFs in three cities in China. We identified three target regions and then adopted a snowball approach. The three cities are Shanghai, Shenzhen and Nanjing, representing the coastal areas, inland areas and southern areas of China. In April 2016, we sent questionnaires to sixty-six



CPFs. Twenty-six returned the surveys, constituting a 39.3% response rate. The size of the sample is small for a quantitative analysis, although it is a valuable data set.

Third, because official administrative data on CPFs have some limitations, we relied on an alternative method, namely, **a personal relationship to CPFs and governments**. In other words, **we relied on personal contacts to approach them which makes the interview is more reliable**. The focus groups in our study were officials from local government departments and leaders of CPFs. Between April 2016 and April 2017, we conducted face-to-face in-depth interviews in Shanghai, Shenzhen and Nanjing. **We could also read the greater detail regarding the position of interviewees and focus group participants from the typical cases in the table 2.**

The authors selected several cases of public service delivery processes involving CPFs with different resource bases. They were thus able to analyze in depth whether CPFs act in ways that primarily meet public needs or promote social innovation. We discuss the governance structure of various CPFs in the same public service delivery process in which all other external conditions have been controlled, and then focus on the resource bases. We found that the cases of CPF innovation in Shanghai, Shenzhen and Nanjing, three of the largest cities in China, were suitable for our comparative research strategy. **Conceptually, social innovation is often described as the process of invention, diffusion and adoption of new services or organizational models, whether in the voluntary, public or private sector (Massey & Johnston-Miller 2016).** The literature on social innovation demonstrates that public, private and/or voluntary sectors can form partnerships and networks to co-produce innovative practices which have an outcome of improving socio-development.

### **Community Philanthropic Foundation: A New Form of Independent Public Service Provider?**

A growing body of research has been devoted to examining community service activities. **Citizens in local communities need to have more capabilities to play an active role in their communities in order to set up philanthropies and other social innovations, in order to deal with the needs which citizens encounter (Nederhand, Bekkers & Voorberg 2014).** Yet there is much we still do not know about how community service organizations work in developing countries, especially in China, the biggest developing country in the world. To investigate the relationship between the organization and actions of

community services, researchers usually need to conduct studies of community collaboration (Castro et al. 2004, B. Wu et al. 2005, Paarlberg & Yoshioka 2016), especially collaborative efforts between the community and the non-profit/profit organizations.

We conceptualize a community philanthropic foundation (CPF) as one that inspires and gives support to community public services provided through an independent foundation created by business, non-profit and government organizations. The concept of a community philanthropic foundation is rooted in the community foundation. While, community foundation lacks a unitary definition; it is an umbrella concept with rapid growing (Guo & Lai 2017). In the US, its concept is put forward as a development from practical perspective, especially the initial idea of Frederick Goff whom established the Cleveland Foundation. Then the concept was gradually extended to Europe and other countries around the world. And there are some different definitions about the community foundation. For instance, in US, it is called an independent, registered philanthropic institution designed to pool donations into a coordinated investment and grant-making facility dedicated primarily to the social improvement of a given place, typically a community or administrative area like (Gast, 2006). In EU, it is defined as ‘an independent philanthropic organization working in a specific geographic area to address a wide variety of current and long-term needs in its service area.’ (Feurt & Sacks 2001). In UK, Jung et al. (2013) defined community foundations as ‘geographically embedded philanthropic yet multi-purpose organizations held capable of combining grant making with resource generation, donor services, and community leadership’. There is a debate on whether the community foundation should be donor-focused community foundation or community-focused foundation (Guo & Lai 2017).

But in any case, these concepts share the same two ideas: first, community foundations are philanthropic organizations. Second, community foundations are independent organizations working in a specific geographic area. In essence, it is a multipurpose philanthropic organization, operating in ways distinct from other philanthropic vehicles (Jung, Harrow, & Phillips 2013). In the practical perspective in China, it is called community philanthropic foundation in Shanghai, community foundation in Shenzhen, and community development foundation in Nanjing and other places. Based on these, in order to keep the same concept, we use the word community philanthropic foundation (CPF) in this paper.

The word philanthropy may be defined in reference to ‘the use of private resources -

treasure, time and talent - for public purposes' (Phillips & Jung, 2016, p. 7). It is a more neutral term in which philanthropy tries to address root causes and advocates for policy and social change. For example, Harrow & Jung (2016) reflect on the roles and contributions of community foundations to community development through community philanthropy. Differentiated from either individual giving or endowed private foundations, the community foundation presence in organized philanthropy offers a distinctive opportunity to see philanthropy in the round: from the perspectives of multiple donors, 'community' and recipients (Harrow, Jung & Phillips 2016, p. 308).

The first community foundation was set up in Cleveland in 1914 by Frederick Goff and now operates as The Cleveland Foundation. Then it quickly spread across the US especially since 1970. Many community organizations such as the Cleveland Foundation have predecessors in older similar organization operating in Europe (Harris & Bridgen 2007). Community foundations were next introduced to Canada, the UK and many European countries. Since the mid-1990s, the international growth of community foundations have established. They gradually extended to other countries of the world in the past decades (Harrow, Jung & Phillips 2016, p. 308). Community foundations are a global phenomenon and more than 1864 of them exist around the world by now according to Community Foundation Atlas, a web-based database. There are 700 in the United States, 300 in Germany, 190 in Canada, and 56 in the UK (Foundation Center, 2014). According to the data on The Foundation Center (2014) website, there are twelve community foundations with assets of more than one billion dollars. The largest is the Silicon Valley Community Foundation whose assets amount to \$4,723,897,000.

In general, philanthropic foundations can play two possible roles in response to major governance change. On the one hand, they are seen as charitable agents that respond to the government's failure to meet the needs of all citizens (Prewitt 2006). On the other hand, they are seen as engines of social innovation, working to bring about social change (Sandfort 2008). These roles are not incompatible, and CPFs are likely to play both. As Sørensen and Torfing (2013) argued, social innovation is a shift from NPM and governance with more opportunities for collaboration. Social innovation means the creation of long-lasting outcomes that aim to address societal needs through an open process of collaboration with relevant stakeholders (Sørensen & Torfing 2011). The existing study

shows that social innovation always takes place within an environment and in a network of multiple stakeholders (Voorberg et al 2014).

Since the late 2000s, Chinese local governments have launched many different reforms of public goods provision to adapt to the new needs of citizens arising from social change. Among these reforms, CPF has been used to improve the efficiency of public service delivery by metropolitan governments in mainland China. CPFs as an emerging form of philanthropy in China are related to two recent developments together in this field: the decline of public trust in government-affiliated NPOs and the ongoing experiments with new forms of philanthropy, and the government's recent experiments to reform nonprofit regulations and explore new forms of community development (Guo & Lai 2017). The city governments of Shanghai, Shenzhen, Beijing, Tianjin, Chongqing, Nanjing and Guangzhou have made efforts to introduce innovative forms of cross-sector collaboration, introducing CPFs to explore appropriate means of public services provision.

There are a number of CPFs in China. Shenzhen Metropolitan, in Guangdong Province established China's first CPF in November 2008 – the Taoyuanju Community Development Foundation (MYTYJ). The mission of the foundation is to improve community development. It is supported by private foundations. In the nine years since the MYTYJ was established, it has received more than 20 million RMB yuan in donations, and dozens of CPFs supported by MYTYJ have been established in Shenzhen, Shanghai, Beijing, Tianjin, and Chongqing. Since then, many governors at the community level in metropolitan cities have launched CPFs. To date (April, 2017), around 137 CPFs have been set up in China, including 29 in Shenzhen, 51 in Shanghai, 10 in Nanjing, 3 in Tianjin, 5 in Chongqing, 4 in Beijing, 3 in Guangzhou and others in Hangzhou and other big cities. The total registered capital has reached at least RMB 200 million Yuan. CPFs have become one of the most important vehicles for the vigorous promotion of public service reform and for the enhancement of local governance capacity.

Although the hybrid nature of CPFs per se draws attention to ongoing debates as to whether they are a model or movement (Harrow, Jung & Phillips 2016), we focus on their operation model or types. The existing literature shows that CPFs should not be perceived as either model or movement (Jung et al. 2013). In general, donor-focused model and community-focused model are used to distinguish different CPF types. When it comes to CPFs in China, scholars analyzed two CPF types, that is, independent

vs. government-affiliated (Guo & Lai 2017). We present another typology. Because there is no unitary model of community foundation development around the globe (Guo & Lai 2017), this typology should add new knowledge to it in the field of philanthropy in China.

According to the definition and classification by Berenhora, Fulton and Kasper in their book *On the Brink of New Promise* (see Sarah 2009, p.5), community foundations in Western countries are one of two kinds - the Bank Model and the Convening Model. In the Bank Model, the charity trust's money is collected by community foundations and then giving to needy communities in line with decisions taken by an independent board. Because of the pressures exerted by market, moral and technological imperatives, most community foundations based on the Bank Model adopted the Convening Model after World War II. Under the Convening Model, all kinds of charity resources are convened, all stakeholders are mobilized, and all citizens participating in the community work together to solve the problems or issues in the community led by the community foundation. These categories are well-discussed in the literature and are evident, for example, the flow-through funding and an emulation of private foundations' funding models for those community foundations created after 2000 in the UK (Jung et al. 2013). While the relationship between community foundations with the public and private sectors are changing. And in China, CPFs are not typically based on either the Bank Model or the Convening Model but fall somewhere in between. This means that we need to distinguish China's CPFs more specifically. We therefore propose three types of CPF, namely, government-led model, hybrid model, and convening-like model, according to the three dimensions of CPFs: "source of established funding", "form of organization" and "leading actor" (Table 2). The category "leading actor" is used to measure whether or not the community philanthropic foundation is largely self-directed, while "source of established funding" and "form of organization" are used to measure whether or not the community philanthropic foundation comprises multiple stakeholders and on what kind of scale it operation. Since all of China's CPFs provide public goods and services, we don't measure this dimension independently.

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### ***Government-led Community Philanthropic Foundation***

The ‘government-led CPF’ is the main model in China and encompassed nearly 72% of all CPFs (99/137). We will take Shanghai Yangjing Community Philanthropic Foundation (YJ) and Shenzhen Guangming Community Foundation (GM) as examples. YJ is the first community philanthropic foundation in Shanghai. It was established in 2013 by Shanghai Yangjing Street Office (the government of Yangjing community) which funded it with 4 million RMB yuan. It represents a pilot project of Shanghai grassroots government to explore urban community governance. There are more than 160,000 citizens in Yangjing community with 117 residential quarters, 38 neighborhood committees, 25 kindergartens, primary and secondary schools and vocational schools, four homes for the elderly and three hospitals. YJ Foundation hopes to use resources to build grassroots philanthropic ecology, to reshape neighborhood relations by creating more of a sense of community, to promote a transformation of grassroots community governance through the third sector, in order to create a ‘harmonious community’ in which everyone is involved (CPF ID: 11). GM was launched by Guangming District Government in Shenzhen City. The higher levels of government in the city and the district encouraged grassroots government to promote the establishment of community foundations. In June 2014, GM District Government in Shenzhen City raised 14 million RMB yuan in funding – part of which was donated by enterprises – to set up five CPFs (CPF ID: 58).

First, in this model, the basic source of funding is the government itself, and the foundation may hire private or non-profit providers. Both YJ and GM are funded by the government. The difference between the two foundations is that GM also hires a private provider. Second, the form of organization is determined by an agreement established by the government. Third, the leading actor is the government, which closely monitors the foundation. Fourth, foundations provide public goods and services, they provide the direct contract and provision. For instance, the YJ Foundation’s primary mission is to meet public needs. Its current major services include: (1) A donation service. The YJ Foundation provides a variety of donation services, including the provision of grants and scholarships, customized projects or activities with corporate social responsibility, services for specific groups or areas of public welfare based on the wishes of the donors and the needs of the community. It also provides advice on investing donations and matching resources, and supports a number of institutions to jointly carry out

fundraising actions and so on. (2) Participatory funding. The non-directional donations received each year are mainly derived from day-to-day donations. The YJ regularly publicizes philanthropic projects that meet community needs through residents' participation, and provides assistance and capacity building for these projects. It also monitors and evaluates these projects together with donors. (3) Community participation platform. The YJ Foundation has launched two community participation platforms for teenagers, students and volunteers in the Yangjing area. The first, organized by students aged 12–18 and consists of teams of 8–10 people: It provides voluntary service training and a small subsidy of not more than 1,000 RMB yuan for students to design their own voluntary projects. The second platform consists of students aged 6–12 and their parents, who regularly engage in a variety of public service activities for their community (CPF ID: 11). Many interviewees said government ties were an advantage, since when government officials initiate a community philanthropic foundation, they are more likely to accept its proposals and services for promoting social innovation (CPF ID: 18). One director of a Civil Bureau (CPF ID: 78) said that “the local government has made a significant effort to nurture the community philanthropic foundations to foster a fair and mutual-aid society and promote charity.”

Of course, there are also different views within and across CPFs, especially from the leaders of other types of CPFs and many scholars. For instance, “our CPF is funded exclusively by the Street government, relied on its funding sources, and is quite weak on independency.” (CPF ID: 11) “The local street government held relatively tight control over the development of its board of directors.” (Guo & Lai 2017)

### ***Hybrid Community Philanthropic Foundation***

The hybrid Community Philanthropic Foundation is the second largest model in China representing just under 26% (35/137) of CPFs. In this model, funding is donated by enterprises or private providers. For example, Shenzhen Taoyuan Community Development Foundation (TYJ) and further dozens of CPFs were established with donations from the private enterprise LII (Li International Investment Group Co. Ltd, known for short as the Taoyuanju Group). Second, it is organized by a non-profit organization, enterprise or even as a joint effort. In 2013, TYJ Foundation was set up in Shenzhen Taoyuanju Community by the Taoyuanju Group, which provided services for this community. Its main functions are funding the social organizations of the Taoyuanju Community and promoting the development of community welfare. Third,

the leading actor and funder is the enterprise funder, whether their partners interact depending on their donations; also government oversight is limited, because enterprises are more likely to follow market mechanisms than bureaucratic ones. All of the 6 million registered capital of TYJ foundation was donated by the Taoyuanju Group and its affiliated units. Daily operations are funded mainly by investment, donations from the MYTYJ fund and by community social enterprises established by the Taoyuanju Group (CPF ID: 61). As the TYJ fund resources are sufficient, it does not need to raise funds from other enterprises or residents. Fourth, foundations provide public goods and services and they donate to develop a community or promote social innovation. “The community philanthropic foundations are expected to help the needy, better serve local society, improve public facilities, and finance community social organizations and volunteer services”, according to one city’s civil bureau (CPF ID: 76). These are the first group of new CPFs to emerge since the city issued an interim regulation for the development of community philanthropic foundations in March 2015.

### ***Convening-like Community Philanthropic Foundation***

The convening-like CPF is the least common model in China, representing only 2% (3/137) of CPFs. Shenzhen Shekou Community Foundation (SK), Shenzhen Dream Nankeng Community Foundation (NK), and Shanghai Yanji Community Philanthropic Foundation (YJi) are the only three such foundations. We will take Shenzhen Shekou Community Foundation (SK) as an example. SK was originally established in Shenzhen Metropolitan by 89 people with 1000 yuan per person. It is the first entirely resident-sponsored CPF in China. In 2014, the 89 sponsors of SK Fund elected the members of the council using the most primitive democratic electoral methods. After that, they raised further donations from residents. More than 400 residents donated a total of 700 thousand RMB yuan to SK. In addition, 600,000 RMB yuan were raised from several large enterprises. To date, the original registered capital of SK amounts to 1.3 million.

In this model, the source of funding is primarily the citizens themselves and enterprises, supported by the government. All of the SK’s original registered capital was donated by 400 residents and some enterprises. Second, the form of organization is created by citizens themselves, with enterprises playing a partial role. Government plays only a supplementary role. Because Shenzhen is an affluent city, donations from Shenzhen residents top those elsewhere in the country, and of course most of the donations benefit people outside the city through some large-scale charity foundations,



according to the local civil bureau (CPF ID: 59). Third, the leading actors are citizens. Depending on the agreement, partners interact directly with the public and with limited government oversight. SK Community Foundation has a strong degree of independence and autonomy. In order to prevent business from interfering with the operation of the foundation, the SK council decided that the residents would donate more money than corporate donations. In order to avoid government intervention in its work, SK rejected government donations. In this way, SK ensures its independence and autonomy in decision-making, finances, personnel and other aspects. The SK Council has a high degree of democracy and a strong sense of social responsibility. The seven members of the SK Foundation were directly elected by the first 89 contributors from a list of 11 candidates, and its board was elected by the council. As a result, the members of the board are very engaged in developing the Community Foundation, and are seriously discussing the plan of action following the establishment of the foundation. The aim is to make the CPF to really play a role in serving the SK region. The involved residents seem to be very enthusiastic, focusing on community development, on financial donations, on its own role, on supervising the operation of the community foundation, and on active participation in the activities organized by the community foundation. Fourth, the foundation provides public goods and services, they works together to govern community charity. It can be said to be truly based on community needs for democratic decision-making, and for solving community issues. One member of staff (CPF ID: 55) indicated that: “The community philanthropic foundation will provide various channels for donors to decide whether their donations should be used in or outside the city, so that local residents can also benefit.”

Overall, in response to the shortage of resources, some community philanthropic foundations, which have traditionally had a passive approach to making grants, have started experimenting with a new, active style, including impact investing. In this way they are promoting social innovation. For instance, some foundations are creating loan pools relying on their own assets and those of donors, so that they can use these to make local loans. One such loan pool was launched in 2015 by the grass roots government of Jiangning District in Nanjing City and enterprises located in that region. Each party committed 1 million RMB to what was called the Community Philanthropic Fund, aimed at making loans to affordable residential self-governed organizations and nonprofits. In 2015, the Dongshan Community Philanthropic Foundation (DS) formed the Dongshan Dream Fund to invest in for-profit as well as non-profit activities (CPF

ID: 85).

### **Discussion and limitations**

Table 2 illustrates that there are differences between the CPFs of IPSP in China and those in major Western countries. The core difference is that, although all of China's community philanthropic foundations provide public goods and services on various scales, most of them are largely self-directed or comprise multiple stakeholders, but not both. The established funding for these community philanthropic foundations is mainly raised from outside rather than within these communities. The most important point is that they lack an independent organization that combines government, non-profit and for-profit actors. In Western countries, although the definition of a community foundation is evolving, the original model refers to an independent, publicly accountable grantmaking body that is controlled by community members (Harrow, Jung & Phillips 2016, p. 308). Many countries have moved from hierarchical modes of public service delivery to the integration of markets, the involvement of societal sectors in the delivery of public services and the development of new modes of service delivery (Massey & Johnston-Miller 2016).

Of course, CPFs are very important in China's public service reform and for the development of NPOs in China. NPOs are a growing and essential contributor to Chinese society and to the Chinese economy. The non-profit sector in China is economically significant, with almost 606,000 organizations contributing RMB \$156.06 billion to China's gross domestic product (GDP) and employing 8.28 million people (Chinese Bureau of Statistics 2014). In public service delivery around the world, the performance of the non-profit sector has been the subject of both enthusiasm and frustration for at least two decades (Paarlberg & Yoshioka 2016, Boris et al. 2010). More specifically, and not simply because of its investments, it increases the likelihood of enduring program success (Castro, Barrera, & Martinez 2004).

One may speculate about the reasons why IPSPs have changed cross-sector collaboration (CSC) in China through CPFs. As we have learned, all these foundations focus on cultivating a philanthropic culture and on addressing community needs either through grant-making, direct service provision, or both. A region's philanthropic traditions, the vitality of its non-profit sector, the legal framework that defines the sector and the agenda of governments for the sector are central factors in the development of CPFs in China (Wang, Graddy, & Morgan 2011). The development of CPFs has

increased expectations vis-a-vis China's New Public Service motivation and practice in many areas. These include the expansion of health insurance, the establishment of nursing homes, and the provision of more community-based support and services (Wu et al. 2012) for the elderly in China. The community-based service delivery model (CBSS) have been developing rapidly in China to satisfy a wide range of needs. Examples of CBSS include psychological support, regular medical examinations, electronic medical records development, legal counseling, grocery delivery, housekeeping, community kitchens, recreation centers, and mutual aid networks (Xu & Chow 2011). A quite possibly explanation is that there have already been processes of local adaption where certain organizational forms have emerged on account of specific needs or preconditions.

An interesting and fascinating finding is that in the convening-like Community Philanthropic Foundation the leading actors are citizens. Despite the least common model in China, it is a very important CPF model for the future. The evidence is not only based on donations to the CPF, such as SK, but also based on this dimension of IPSPs. The leading actors are citizens in this CPF model means all of its committee members are ordinary citizens in the community where the CPF located. Both partners of this CPF interact with the public. Especially, the CPF operates just depending on their agreement, in the meantime, it limits the oversight from the local government. This ensures its independence and autonomy in decision-making, finances, personnel and other aspects. Then why does the convening-like CPF evolve in more independence and autonomy than other models of CPFs? The answer should be significant for the policy implications to CPFs in China.

Further research on CPFs is necessary to understand the reason and mechanism of the convening-like CPF model. Nonetheless we give some explanations. At first, more affluent cities with higher levels of donations more likely to be relatively more independent. Shanghai and Shenzhen are more affluent cities with higher levels of donations than Nanjing. Because Shenzhen is an affluent city, donations from Shenzhen residents top those of elsewhere in the country, according to the local civil bureau. When deepened market-oriented reform led to a gradual transformation in Chinese civil society, it created greater demand for business collaboration and citizen participation and thus required more autonomy, transparency, responsibility, and accountability (Yu & Chen 2018). The second, it is the key factor that the higher degree of civil society, the higher level of independent of NPOs. Some study illustrated the positive correlation

between nonprofit marketization and the growth of civil society by using the case of China (Yu & Chen 2018). Shenzhen city is the city with the most active civil society in China. For example, pilot policies were adopted to relax the strict registration system for NGOs, which is the first Chinese city. In 2008, industrial/business associations, social welfare associations and charities in Shenzhen city were authorized to register directly with the Bureau of Civil Affairs, and this was extended to NGOs working in the areas of technology, public services, environment protection, sports and entertainment in 2012 (Yu & Shen 2017).

Well-functioning civil participation is one of the key forces for enhancing the effectiveness of governance and democratic decision-making (Klijn & Koppenjan 2000; Wolman & Page 2002; Lowndes, Lawrence, & Stoker 2006; Calenda & Meijer 2009; Tatenhove, Edelenbos, & Klok 2010; Eriksson 2012; Milakovich 2012). Collaboration can be a crucial source of innovation in the public sector with the positive impact of collaboration on innovation that is confirmed in studies (Sörensen & Torfing 2011). Inspired by Bušev (1994) and Comfort (1994), self-organization can be defined as a collective process of communication, choice, and mutual adjustment of behavior resulting in the emergence of ordered structures. We should keep in mind, however, that CPF partnerships potentially may muddle collaborative ventures and confuse their participants. CPFs also have some limitations. One problem is the underlying assumption of public management scholars that CPFs can adequately claim to represent the varied cultures and operating styles of non-profit organizations. This does not accurately portray the risks and rewards to non-profit actors and consequently does not add much to the theories about the non-profit sector. Often models shaped by public and private sector theory fail to appreciate sufficiently the exigent partnership circumstances of non-profit organizations, the importance of aligning operational culture, the mission fulfillment needs of each non-profit partner organization, and the importance of achieving “the right balance” of enlightened organizational self-interests that is conducive to collaborations or partnerships achieving successful outcomes (Mendel 2016).

It should be noted that the relationship between the sectors has long been about both collaboration (symbiosis) and conflict (adversaries) (Abzug et al. 2016). Although IPSPs can offer public managers numerous advantages beyond other forms of cross-sector collaboration, including additional resources, political sensitivity, a long-term perspective, social entrepreneurship, leadership, adaptation and change (Forrer et al.

2014), they also present challenges. These are rooted in the voluntary nature of IPSPs. The first challenge is the difficulty of communication: because some IPSPs are decentralized organizations, public managers sometimes find it difficult to communicate with participants effectively. The second challenge is mission drift, because IPSPs have their own missions which they can change if they feel there is a need to do so. The third challenge is unpopular politics: IPSPs can provide public services that are unpopular or can attract negative political attention because of their self-driven nature. The fourth challenge is the potential lack of permanence: funding of IPSPs is uncertain and could easily dry up, at which point there would be no alternative funding to support their activities.

## **Conclusion**

In this article, we have attempted to develop a framework for examining the role of the community philanthropic foundation in the cross-sector collaboration governing process. Based on the independent public services provider theory, **we conclude that in China, the development of CPFs as the new type of collaboration entities is closely linked to the involvement of government. These CPFs are attempting to meet unfulfilled public needs. Outside the government's hierarchical structure, non-profit and for-profit actors jointly form independent organizations to address public issues. According to this, we can conclude that this was a successful process.**

Moreover, it can be concluded that especially two government interventions seem to be very important. We also looked at the results of an empirical study to determine the prevalence of the three modes of community philanthropic foundation in China. Our research, based on a discussion of the effectiveness of public service delivery by CPFs in three Chinese cities, concluded that the following factors are very important to shape the different kind of CPFs: the resource of establish funding, the form of organization, the leading actor, and the ways to provide public goods and services.

At the same time we concluded that, unlike its common use in Anglo-centric society, these Chinese CPFs in the study usually dependent on the governmental resource. Because public governance systems are more centralized in China than in many Western countries, the country faces major challenges in the production and delivery of public goods and in implementing service reforms. **One of the triggering points of our research was how these organizations deliver services within a centralized system of government. The answer needs further research. Maybe we could hypothesize that these CPFs evolve in and operate within the 'shadow of hierarchy' (Durant & Barber 2001; Nederhand,**

Bekkers & Voorberg 2014). In order to be a better understanding of this question, we should refer to Jessop' work on governance. The new theories of governance denotes "meta-governance" (Jessop, 2002). Meta-governance is defined as the "regulation of self-regulation", and concerned with how political authorities are engaged in the governance process (Jessop, 1998). It involves attempts to direct self-regulating processes of collaborative interaction (Jessop, 2002; Kooiman, 2003). This means that hierarchical coordination mechanisms are embedded in non-hierarchical structures (Nederhand, Bekkers & Voorberg 2014). According to Börzel & Risse (2010), the larger the capacity of government for hierarchical policy-making, the stronger the shadow of hierarchy.

Finally, this article extends the existing research discourse on public governance and cross-sector collaboration (CSC). And more attention needs to be paid by policymakers and administrators with these following implications. What are some of the most important preconditions for public managers for successful IPSP collaboration? First, the autonomy of IPSPs is valuable for public managers, because it enables the agency to address areas that government fails to do. "The more independent the nature of IPSPs, the greater the imperative for government managers to adopt a leadership style" of cooperation with nongovernmental partners of an IPSP (Forrer et al. 2014, p. 157). Second, the benefits gained by public managers from engage in an IPSP, might be diverse, especially if they maintain their respective identities and missions. NPO's advocacy may lead to further cooperation with government rather than be seen as something conflictual (Verscheure & Corte 2015). Third, innovation is a strength of IPSPs, which can yield new government programs to address cross-cutting issues or wicked public problems. Fourth, they allow expertise and resources to be shared: government may have expertise and resources that would be useful to an IPSP, sharing information, transparency and openness are important for the success of IPSPs and may save everyone's time and energy. Fifth, allocating risk, all members in an IPSP assume that they are able to deal with risks, while government might want to assume that the IPSP would be greatly hindered by risks and potential liability. Sixth, measuring performance: public managers prefer to weigh the performance measurement, such as overall services in a community of an IPSP, against public policy objectives.

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## Tables and figures

**Table 1.** The comparison of characteristics of four types of CSCs

| Approach                    | Contracting out  | Partnerships/PPPs  | Network  | IPSP  |
|-----------------------------|--|--|--|---|
| General approach            | Government hires private or nonprofit provider   | Mutual production, usually under a defined agreement   | Varied production by members of the network according to individual strengths  | Production by an independent organization with significant discretion   |
| Relationship to government  | Government writes the request for proposal and issues a contract based on defined criteria | Government is a partner, with a specific role that may include funding, monitoring, or even joint production | Government may be the network administrator or central coordination; it may provide funding; or it may simply play a supplemental role | No relationship, or government may play a secondary role; it may be a funder but is not the exclusive source of revenue and the IPSP is not totally dependent on government |
| Relationship to citizens    | Contractor may provide the direct contract and provision                                   | Either or both partners interact with the public, depending on their agreement                               | Diffused, multiple contacts from network partners  | IPSP provides direct contact and provision as needed  |
| Trust required among actors | Low: contract monitoring   | Medium: frequent interaction among partners under legal parameters set by the agreement                      | High: multiple points of contact and working together; limited government oversight  | High: multiple points of contact and working together without government oversight  |
| Key issues or tension       | Contract design and monitoring   | Public interest versus interests of partners; agreement on outcomes  | Convergence of multiple interests and outcomes   | Ability to influence outcomes and protect public interests  |

*Source.* Adapted from Forrer, Kee, and Boyer (2014, pp. 23).



|   |   |    |    |   |
|---|---|----|----|---|
| Foundation (GM)/<br>Shenzhen Fenghuang<br>Community Foundation<br>(FH)/ Shenzhen Baihua<br>Community Foundation<br>(BH)/ Shenzhen<br>Xinjiang Community<br>Foundation (XQ)/<br>Shenzhen Zhenmei<br>Community Foundation<br>(ZM)/ Yulv Community<br>Foundation (YL)/<br>Mingtai Community<br>Foundation (MT)/<br>Beijing Caoyangmen<br>Community Foundation<br>(CYM) | Foundation (DS)/<br>Congqing<br>Taoyuanju<br>Community<br>Philanthropic<br>Foundation<br>(CTYJ)/ Tianjin<br>Taoyuanju<br>Community<br>Philanthropic<br>Foundation<br>(TTYJ) | 99 | 35 | 3 |
|---|---|----|----|---|

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*Source.* Compiled by authors