

# Changing Demands, Emerging Providers

## NEW DIRECTIONS IN SOCIAL POLICY IN CHINA

China is experiencing dual demographic shifts—high levels of internal migration combined with a rapidly aging population—which are weakening traditional family-based social support systems. To meet the growing demand for social services, community-based approaches to service delivery led by social organizations have emerged. This case study, part of the UNRISD project *New Directions in Social Policy: Alternatives from and for the Global South*, investigates China's new approach to social service delivery, with a focus on its governance and outcomes.

### Changing demographics and the limits of employment-based social welfare

Social policy in China has cycled through a range of service provision models. During the Central Planning era (1949-1978), the welfare system was conceived primarily to support industrial production, with social services mainly provided by employers and under strict government control. Services such as housing, childcare and education were organized to limit labour mobility, which was seen as crucial for maintaining low-cost labour.

Subsequent economic reforms deregulated restrictions on enterprises and labour mobility; consequently, many employees began to move freely from state and collective enterprises into private employment. In order to facilitate this increased labour market flexibility, the government lifted employer responsibilities for social service provision in the 1990s and 2000s. Many benefits which had been in-kind, such as health care and education, came to be supplied by public or private

service providers, but they often did not adequately replace the previous employment-based benefits. Additionally, many public services were privatized or managed as for-profit enterprises, resulting in diminished service coverage in rural areas and severely reduced access to welfare.

In addition, the welfare system has not been adapted to China's demographic transitions. Low fertility rates, partially driven by China's One Child Policy, have significantly reduced average family size. According to current estimates, by 2050 senior citizens will make up more than 30 per cent of China's total population. The aging population, coupled with a decline in the supply of young workers, means that the traditional practice of caring for the elderly through intergenerational family support is no longer sustainable. Internal migration is exacerbating the situation yet further. In 2012, 236 million Chinese lived and worked outside their place of origin. Many of these migrants face barriers in accessing welfare services in their new communities, as these services have traditionally been tied to place of origin.

### Case study information

China is one of the seven country and cluster cases for the UNRISD research project *New Directions in Social Policy*. For more information on the overall project, see [www.unrisd.org/ndsp](http://www.unrisd.org/ndsp).

**Research team:** Research and analysis will be led by Bingqin Li, Lijie Fang and Jing Wang.

**Outputs:** The China case study will comprise an overview paper on social services provided in the nine communities studied and a summary of key findings and lessons, and two papers on specific policy areas:

- Primary care provision for aging urban residents
- Social services for migrant populations

Both papers on specific policy areas will address all three of the thematic areas outlined in this Brief:

- Relationship between the state and other stakeholders
- Outcomes of SO-led service provision
- Impact of SOs on local participation

**Methodology:** The China case study consists of nine community-level studies. It will utilize mixed research methods, primarily qualitative analyses and supportive quantitative analyses. Data sources include official government documents for the social policy areas in question, official statistics (national and provincial levels) on social services, and in-depth interviews with relevant stakeholders, including city and district officials.

### New demands and new providers: The emergence of social organizations

In an attempt to address these demographic changes and gaps in social service provision, China is using a new approach: welfare service delivery through community-based social organizations (SOs).

China's new direction is twofold. First, service provision based on the communities in which people live rather than their employer or place of origin are being introduced. Through community-based approaches, migrants can be better integrated into receiving communities and have improved access to social services. Second, the Chinese government has relaxed regulations concerning the capacity and number of non-state service providers in order to respond to growing service gaps and rising demand from the unemployed, migrants and the self-employed, regardless of place of origin and current residence. As a result, the number of SOs has increased rapidly across the country.

These changes are taking place against the backdrop of a Chinese government which has long viewed civil society actors with suspicion and kept NGOs under tight control. The growing role and



## New Directions in Social Policy

By examining the emergence, nature and effectiveness of recent developments in social policy in selected emerging economies and low-income countries, this three-year research project (2015–2017) aims to contribute evidence and analysis that will improve understanding of alternative policies for social development in the twenty-first century.

This research aims to shed light on the policy options and choices of emerging/developing countries; how economic, social, political and institutional arrangements can be designed to achieve better social outcomes given the challenges of the contemporary development context; how the values and norms of human rights, equity, sustainability and social justice can be operationalized through “new” social policies; and how experiences, knowledge and learning about innovative approaches can be shared among countries in the South.

**UNRISD Research Team:** The Research Coordinator for this project is Ilcheong Yi, and Kelly Stetter is the Research Analyst.

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potential of SOs within the new community-based social service delivery system may represent the beginning of a fundamental change in China's social welfare system.

## Research themes and objectives

The research will investigate the governance and outcomes of China's new direction in social policy across three core thematic areas: the relationship between SOs, the state and other stakeholders; the actual outcomes of SO-led service provision; and the impact of SOs on local participation. These areas will be explored in a total of nine communities in Xiamen, Taicang and Guiyang, with a focus on community-based primary care for aging urban residents and inclusive service provision for migrants, which reflect the two main demographic challenges in China. Ultimately, this research fits within the larger question posed by the New Directions in Social Policy project, which asks whether we are witnessing the emergence of alternative welfare regimes in selected countries in the Global South.

### Relationship between the state and other stakeholders

China has recently embarked on a number of social policy reforms aiming to strike a balance between centralization policies (criticized for generating economic stagnation) and decentralization policies (linked to a sharp decline in living standards). The introduction of SOs as service delivery agents is expected to contribute to the sought-after balance between centralization and decentralization by

reshaping the service provider network and improving service delivery across provinces. This thematic area will examine the relationships between different stakeholders, such as SOs and central and local governments, in terms of service organization, expansion and funding. It not only considers the government's control over SOs, but also explores the impact of SOs on the behaviour of local governments. For example, has the introduction of SOs allowed service delivery across administrative and provincial borders, facilitating better access to welfare?

### Outcomes of SO-led service provision

SOs in China have been heralded as service providers with greater effectiveness, flexibility and awareness of local needs than traditional providers, and thus able to reach those who have been marginalized in previous arrangements. This thematic area will examine whether the reality of SO-led service delivery meets these expectations. The outcomes of SO-led service delivery will be analysed based on three indicators: overall spending, types of services and user experience. The role of intermediate service providers, such as SO incubators and community service centres, which provide important platforms for social organizations to operate, will also be examined.

### Impact of SOs on local participation

Part of the appeal of SO-led service delivery is that these organizations are seen as having the capacity to foster greater awareness of social rights and to encourage local participation. SOs may be able to facilitate new channels of political influence by encouraging local people to participate in political and policy-making processes at the community level. The third thematic area will focus on user participation in the process of service delivery, asking whether there is a spillover effect on other areas of community affairs and local political participation.

## China and Russia: A role for civil society

Similarly to China, Russia is also moving towards greater involvement of civil society groups in social service delivery in an attempt to address issues around service provision. Based on 2015 legislation, a partnership framework now includes outsourcing some social service provision to non-state actors and providing them with greater access to resources. This is the focus of the research by Linda Cook, Elena Iarakaia-Smirnova, Anna Tarasenko and Anna Gotlib in the case study on the Russian Federation for New Directions in Social Policy. Investigating the increased engagement with civil society groups in China and Russia, where analogous structural limitations in state welfare provision exist, provides the project with rich opportunities for cross-country comparison.

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