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“New Public Management” in China at the
Local Level: Competition- Driven Local
Public Service Reform in Tianjin

XUFENG ZHU & QIYUAN JIAO

Abstract New public management (NPM) paradigm plays an increasingly important role in contemporary public management practices throughout the democratic world. This article argues that the driving force behind NPM reform in China at the local level is the competitive pressure to improve administrative performance. In China, where there is no electoral democratic regime, local governments face pressure in competition with counterparts over economic performance and consequent promotion opportunities for their leadership. The introduction of NPM can make local governments more effective and efficient in providing public services, which can result in local governments attracting more investments and enhancing competitiveness. The administrative licensing reform with public service outsourcing in Heping District, Tianjin City, China, is an example of NPM reform driven by competition among local governments.

Introduction

Since the 1980s, the new public management (NPM) theory has played an increasingly important role in contemporary western public management practices. Over the past 10 years or so, scholars have debated whether NPM

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Xufeng Zhu & Qiyuan Jiao

Tóm tắt Mô hình Quản lý công mới (NPM) đóng vai trò ngày càng quan trọng trong hoạt động quản lý công hiện nay trong thế giới dân chủ. Bài viết này **trình bày** động lực thúc đẩy cải cách NPM cấp địa phương tại Trung Quốc là áp lực cạnh tranh để cải thiện hiệu suất hành chính. Ở Trung Quốc, nơi mà không có chế độ dân chủ bầu cử, áp lực phải đối mặt với chính quyền địa phương phải đối mặt với áp lực trong cuộc cạnh tranh với các cơ quan/tổ chức khác trên phương diện hiệu quả kinh tế và cơ hội trở thành lãnh đạo theo sau đó. Việc ban hành NPM có thể giúp chính quyền địa phương hoạt động hiệu quả và năng suất hơn trong công tác cung cấp các dịch vụ công cộng, từ đó có thể giúp chính quyền địa phương thu hút nhiều vốn đầu tư và tăng cường năng lực cạnh tranh. Cải cách giấy phép hành chính với việc thuê ngoài dịch vụ công cộng tại Quận Hòa Bình, thành phố Thiên Tân, Trung Quốc, là một ví dụ về cải cách NPM do cạnh tranh giữa các chính quyền địa phương.

should be introduced in China. Supporters believe that China can build its capacity in government administration and public service by pursuing administrative reform toward NPM (Hughes, 1998: 219; Chen, 2000; Zhang & Dang, 1995; Zhang, 1999, Collins & Chen, 2009). However, opponents maintain that, given the tremendous differences between the Chinese regime and western democratic countries, China must continue to improve its administrative control system and rationalize its management structure to prevent abuses of power (Hood, 1995; Polidano, 1999; Ocampo, 2000) before implementing NPM reforms duplicated from the western model (Zhou & Huang, 2002; Yang, 2007).

Considering that existing literature regarding the applicability of NPM in China is mainly purely theoretical debate, this article attempts to provide empirical evidence through the investigation of field works. In fact, NPM-based reform has already taken place in some parts of the country at the local level. In a conducted survey, the author that the Administrative Licensing Service Center (ALSC) in Heping District, Tianjin City, the third biggest municipality in China, has been providing administrative licensing services through intermediaries since 2008, a policy with the characteristics of NPM. Since NPM reform does indeed exist in China, it is reasonable to ask some new questions: Why has NPM occurred in China at the local level? Where is NPM reform most likely to occur, given the huge regional variation in the

country? What are the fundamental motivations of governments for initiating NPM reform? In this article, we argue that, unlike the NPM movement in western countries, which is driven by the discontent of the constituency with redundant government bureaucracies, NPM reform in China has resulted from competitive pressure among local governments. Furthermore, the article empirically studies a case in Tianjin that provides evidence of NPM-style reform in China. With one case study, the article disproves the traditional hypothesis that NPM reforms are not applicable in transitional China where no electoral democratic regime exists.

NPM reform, originating in Europe, is based on the criticism of Max Weber's classical bureaucracy, and is committed to bringing market mechanisms into government and public service management. Bureaucracy guided by the separation of politics and administration guarantees operational stability and continuity for administrative organizations through an impersonalized structure (Osborne & Gaebler, 1993: 46; Hood & Peters, 2004; Denhardt & Denhardt, 2007: 162). The long-term constraining effects of powerful authorities make organization members complacent, causing the entire organization to become rigid and afraid of improvement (Ostrom, 2007). To deal with increasingly complicated administrative affairs and public services, bureaucracies address inefficiency by

continuous expansion, which results in financial crisis and public protest (Hughes, 1998: 1; Ostrom, 2007; Osborne, 1993, Denhardt & Denhardt, 2007). Therefore, scholars criticized classical bureaucracy from a managerial perspective, and advocated management techniques of private organizations, decentralization of power, deregulation, and delegation as effective approaches for improving efficiency in the public sector (Kelly, 1998; Lynn, 1998; Box et al., 2001; Kaboolian, 1998; Ocampo, 2000). In short, the essential feature of NPM reform regards public sectors as private enterprises with management techniques of cost-benefit analysis. The NPM model helps public administrators reflect on the long-standing problems in their relationship to public interest and in the political process and responsibility structuring (Kaboolian, 1998).

Nowadays, the NPM movement has not only become a prevailing paradigm in local public management practices in western democratic polities, but also diffused into many developing nations. In Europe, the British government, which is the cradle of NPM reform, began employing a cost-benefit-analysis model to provide high-quality public service at local levels by following the core principle of “best value” when Margaret Thatcher assumed office (Martin, 2000). In the US such as Sunnyvale in California, and Commonwealth Nations such as Australia and New Zealand, local governments have also successfully allayed pains from economic recession and tax revolts by introducing NPM-

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style reforms (OECD, 1995; Borins, 1998). In Asia, India and Thailand have tried to enhance local government capacities by initiating development programs of empowerment and autonomous or quasi-autonomous public administrative reforms (Kilby, 2004; Bowornwathana, 2006). In some African countries including Botswana, Ghana, Kenya, South Africa, Tanzania, Uganda, Zambia, and so on, central and local governments have launched extensive NPM programs in telecommunications, railway, and health sectors (Larbi, 1998; Hope, 2001; Rugumyamoto, 2004; Bana & McCourt, 2006; Caulfield, 2006; Sulle, 2010).

The complaints and protests of the constituency regarding bureaucratic expansion and inefficient administration are traditionally understood as the driving force behind the NPM reform in democratic countries. A number of voters demanded reduced government expenditure and improvement in the level of public service provided while other voters lost confidence in the capabilities of the government (Ostrom, 2007; Osborne, 1993). Under pressure from the electorate, governments had to initiate reform by bringing in market mechanisms to improve government efficiency, and address both the financial crisis and the crisis of confidence in a bid to regain lost support from the electorate. Accordingly, the question of whether NPM reform should be launched in China has become a controversial topic in theoretical circles. As an inference of the traditional understanding on the reason

NPM rose in western democratic countries, skeptics believe that NPM is impossible in China because it has no mature bureaucracy and democratic election system.

In contrast to the western countries where governments suffer from low organizational efficiency because of bureaucratic rigidity, Chinese administrative agencies have problems of rent seeking and power abuse due to the incompleteness of the bureaucracy, which likewise results in low administrative efficiency (Khan & Sundaram, 2000). On the one hand, as some scholars argue, the central government delegates power to the local governments in the process of reform, but the accountability and public participation levels are low, which leaves power substantially unsupervised and unchecked (Larsson, 2006). Consequently, the immature bureaucracy and incomplete judicial system in China have fostered widespread rent seeking and power abuse that result in governmental inefficiency and a waste of social resources (Rocca, 1992).

On the other hand, a lack of an electoral system does not necessarily mean that no pressure exists to drive reforms in local governments. The Chinese government does not practice democratic elections in the western style, which results in outside pressure from constituencies; hence, the pressure of competition exists among local governments

(Zhou, 2007; Oi, 1992; Montinola et al., 1995).

The economic performance-based evaluation system currently practiced in China means that the central government decides on the appointment of local government officials based mainly on economic performance (Chan, 2004; Zhou, 2007; Zhang & Xian, 2006; Li & Zhou, 2005). In this scenario, local government leaders have pursued economic development proactively through “local government corporations” since the reform and opening-up (Oi, 1992). In particular, attracting investments is one of the major ways for local governments to create GDP and fiscal revenue. The continuous and rapid local GDP growth that is the result of investment makes local leaders more competitive for promotion opportunities. Therefore, local governments need to improve the level of public service continuously to attract investment if land, taxation, and personnel policies have been convergent with their competitors.

Overall, the competitive pressure to improve administrative performance has driven the government to initiate NPM reform. In western democratized countries, competitive pressures come from the constituency’s protest of bureaucratic expansion and inefficient administration, which may lead to changes in government as other opposition parties come to power. However, in China, local government leaders face competitive pressures from their counterparts in other local governments who pursue the scarce attracting investments and promotion opportunities. Therefore, competition among Chinese local governments

over economic performance and promotion opportunity is the motivation that pushes local government leaders to initiate reform that promotes administrative efficiency and economic attractiveness. The NPM model introducing market mechanisms into bureaucracies provides local authorities a good instrument to approach higher administrative efficiency.

Administrative Licensing Service Reform in China

Administrative licensing services provided by an ALSC are an important part of public service in China and have been a focal point of local government reform in recent years. In February 2004, Premier Wen Jiabao brought forward the concept of service-based government for the first time in a speech delivered at the Training Seminar on Scientific Outlook on Development for Senior Leadership of Provincial Government. On July 1, 2004, the Administrative Licensing Law of the People's Republic of China was promulgated. In 2007, in his report for the 17th Congress of the Communist Party of China (CPC), President Hu Jintao reemphasized the need to accelerate administrative system reform and build a service-based government, requiring tightened regulations over administrative licensing activities. Administrative licensing reform became a pivotal issue in the effort of the central government to change from an economic manager into a market facilitator.

As the number of company registrations and the amount of registered capital grew rapidly in recent years, the problem of inefficient administrative licensing has become increasingly salient. The administrative licensing process involves many departments, each with complicated procedures. Corruption arises when particular government departments abuse their authority, pursuing departmental interests by soliciting valuables from registration applicants¹. Registration applicants are unfamiliar with the licensing system and process, as well as the paperwork requirements and detailed rules and regulations of every government department involved. The situation is not ameliorated by the “One-Time Notification” requirements imposed on administrative bodies under applicable laws, almost becoming a slogan in the process of enforcement. Administrative licensing thus became a serious ordeal for registration applicants. Usually, the administrative licensing process takes one month or longer².

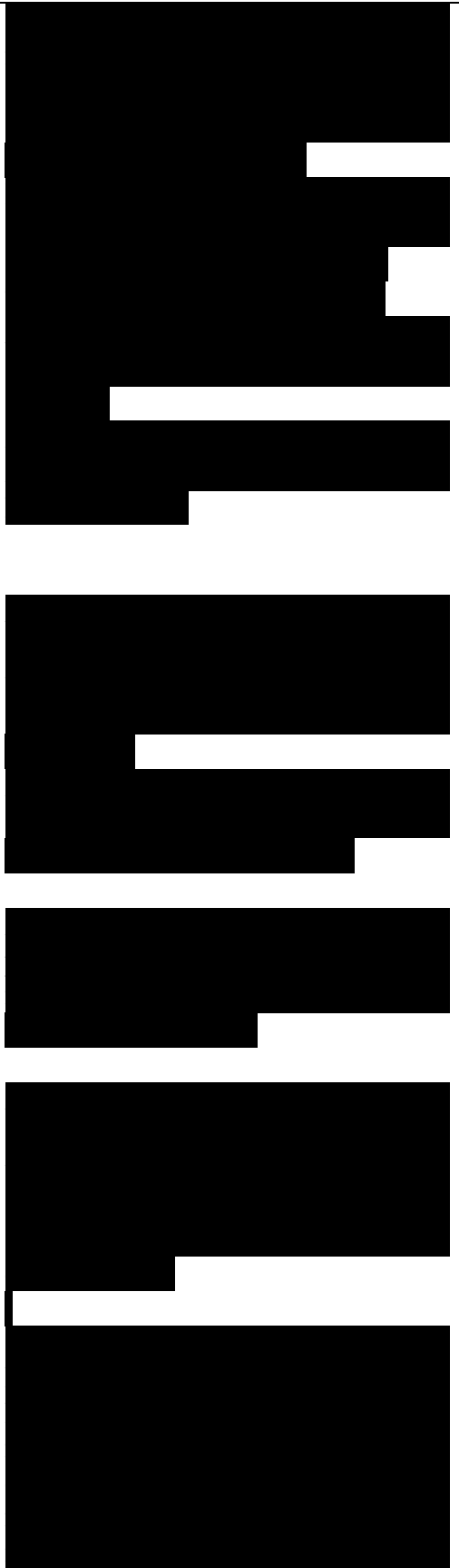
Guided by the central government’s emphasis on a service-based government, local governments adopted many new approaches in public service reform, which led to a significant number of distinctive local pilot projects. The typical reform roadmap in China starts with “experimental points” and proceeds “from point to surface” after successful programs are implemented and duplicated (Heilmann, 2008). Table 1 provides some outstanding reform measures and experience to illustrate the initiative of local governments to

find new ways of conducting administrative licensing procedures.

Table 1: List of administrative licensing reform measures taken by some local governments

City	Year	Approach
ALSC, Nankai District, Tianjin City	2003	Time-Limited Permission System ³
ALSC, Huainan City of Anhui Province	2006	“Two Centralizations and Two Guarantees” ⁴
ALSC, Dalian City, Liaoning Province	2007	Introduced ISO9000 quality system and established the merit system and internal coordination mechanism
ALSC, Heping District, Tianjin City	2007	Full-Service Agency and Ongoing Logging
ALSC, Jiulongpo District, Chongqing City	2008	Accountability system and electronic supervision system
ALSC, Wuhou District, Chengdu City, Sichuan Province	2009	Relative centralization of administrative licensing authority and separation of licensing from supervision

Administrative licensing service reform in these cities and districts constituted substantial progress. Nevertheless, a few limitations of the reforms have been exposed. First, corruption can hardly be prevented effectively because the reform focuses on ineffective in-house



supervision or peer-to-peer supervision. Second, these reforms are based on the expansion of administrative organizations. Thus, although the speed of administrative licensing has been increased, the reforms created new opportunities for rent seeking by new government departments, officials, and services.

In 2007, Heping District in Tianjin City launched an administrative licensing reform centered on the principles of “Full-Service Agency” and “Ongoing Logging.” Unlike the public service reform undertaken by other local governments, this administrative licensing reform represented an institutional innovation that introduced a procedure of public service outsourcing. Scholars define public service outsourcing as a government providing and delivering services through external service providers by government procurement with public financial resources (Jing, 2008: 122). In the Heping case of this article, the external service providers are specialized intermediaries in the market. The administrative licensing service outsourcing system of Heping District brings accounting firms, taxation agencies, and other specialized organizations into public service to improve the quality and efficiency of administrative licensing services.

This reform effectively addresses the problems that other local government reforms failed to confront effectively and helps build a service-based government through effective public

service innovation. The administrative licensing reform in Heping District made the bureaucratic wheel turn faster by engaging provisional service providers through service outsourcing. Moreover, the government agencies are more efficient because of the introduction of managerial mechanisms from private organizations, such as competition among the professional service agencies and ongoing logging arrangements. This system monitors other related administrative departments, thus preventing inefficiency and power abuses such as rent seeking. Generally, the aim of public service outsourcing is to reduce administrative cost. However, during the reform, Heping District paid more fiscal resources for the administrative licensing service but created a more attractive business environment, which attracted new investors in the district. In a word, with a series of management techniques of cost-benefit analysis, the leaders of Heping District decided to initiate an NPM-style reform in the field of administrative licensing services to enhance economic attractiveness of the local government.

Reforms in Heping District, Tianjin City

The economic leading position of Heping District has recently been replaced by other administrative districts in Tianjin, particularly by the Tianjin Binhai New Area, since the Chinese central government launched it as the national project for the economic engine in North China. Located in downtown Tianjin, Heping District is the location of both the party and government organizations of Tianjin City.

With an area of 10 km² and a permanent population of 480,000, the district is the political, trade, financial, and information center of the city. Since the reform and opening-up in the late 1970s, the district has been economically ahead of all other urban districts in Tianjin and ranks first place in the city in business vitality and retail value. However, the economic attractiveness of Heping District declined dramatically since 2000. In 2003, Nankai District launched an administrative licensing service reform called “Time-limited permission system” (see Table 1), which successfully attracted many investments of newly founded companies registering in Nankai District. As a result, the number of private enterprises registered in Nankai District surpassed that of Heping District for the first time in 2003 (Figure 3). In 2005, the Central Committee of CPC’s Suggestions on Formulation of the 11th Five-Year Plan for National Economic and Social Development (2005) specified the need to “make geographically advantaged areas like the Tianjin Binhai New Area wider open to the outside world for accelerated regional economic development.” Thus, the Binhai New Area attracted huge investments with its more advantageous investment terms and more favorable investment climate. This development makes it very difficult for Heping District to bring in investments and boost economic development. This difficulty brought much competitive pressure on the leadership of Heping District.

Since the ALSC was founded in Heping

District, the industry of administrative licensing service providers has emerged. Newly registered companies felt that specialized organizations were needed to undertake these procedures because of the time-consuming administrative licensing process. Therefore, many specialized organizations such as accounting firms and taxation and financial intermediaries have expanded their business to provide services that charge registration applicants for securing business licenses and providing subsequent financial and taxation services. While these providers help registration applicants save time with professional services, they are substantially unregulated and canvass business orders outside or even inside office building of the ALSCs, causing chaos inside the halls of the centers. Cutthroat competition among these intermediaries is another problem serious enough to include illegal advancing of registered capital funds for their clients simply to secure the business license⁵. Despite the monitoring, ALSCs can do little to keep these providers in line.

The ALSC of Heping District has undertaken a set of new measures since 2007. A three-phase reform and innovation intensify the institutional reform and increase licensing efficiency. The enactment of the Administrative Licensing Law provides a pillar for legal and regulatory compliance regarding administrative licensing service and administration activities, posing a new opportunity for the transition to a service-based and efficient government.

Business registration process before the

administrative licensing reform (without intermediary service)

Preparation of application package

Preparation of corporate seal

Bureau of quality and technical supervision

National taxation bureau

Local taxation bureau

Source: Interviews with staff members of the ALSC of Heping District in Tianjin

(1) One-stop service

The one-stop service initiative addresses inefficiency problems in the administrative licensing process to a certain extent. Immediately after the Administrative Licensing Law was enacted, the ALSC of Heping District launched a one-stop service system to provide high-quality and efficient administrative licensing services to interested investors. A one-stop service hall was set up at the center, equipped with counters for all key departments involved in administrative licensing. Specially designated personnel from each department provide advisory services over the counter. This setup allows registration applicants to deal with all licensing formalities inside the hall without the need to travel to and from different government departments at different locations simply to fill out forms. The one-stop service initiative not only benefits registration applicants, but also helps the center interface tightly with all administrative licensing departments⁶. However, some problems remain unresolved after the establishment of the one-stop service. For example, one-stop service requires staffing a large number of counter clerks, but the limitations of the administrative setup and an

understaffing problem at the center seriously affect licensing efficiency and customer satisfaction. Therefore, applicants still turn to the licensing agents for help.

(2) Full-service agency

On June 1, 2007, the ALSC began implementing a full-service agency system. Committed to improving the business environment and providing companies with efficient and effective professional services, the district government and the center decided to spend fiscal resources to outsource licensing services for registration applicants to professional intermediaries without charging application fees. This move eradicated the understaffing and inefficiency problems that the one-stop service failed to solve completely.

The ALSC selected five of the most reputable professional agencies⁷ in the administrative licensing service industry and provided all of them with designated service counters on the second floor of the center. These five intermediaries were selected based on their professional reputation, company size, and employee competence. The ALSC pays a commission rate of 100 Yuan for each administrative licensing application from the fiscal budget of Heping District. The applications are assigned evenly by the ALSC to the intermediaries one by one. The full-service agency covers registration formalities and renewal procedures for companies, except

for self-employed entrepreneurs. During the full-service agency process, intermediaries advise applicants on legal and regulatory compliance issues and guide them through paperwork. In this way, applicants can leave the whole licensing chore to intermediaries after they provide all necessary documents specified in the registration instructions.

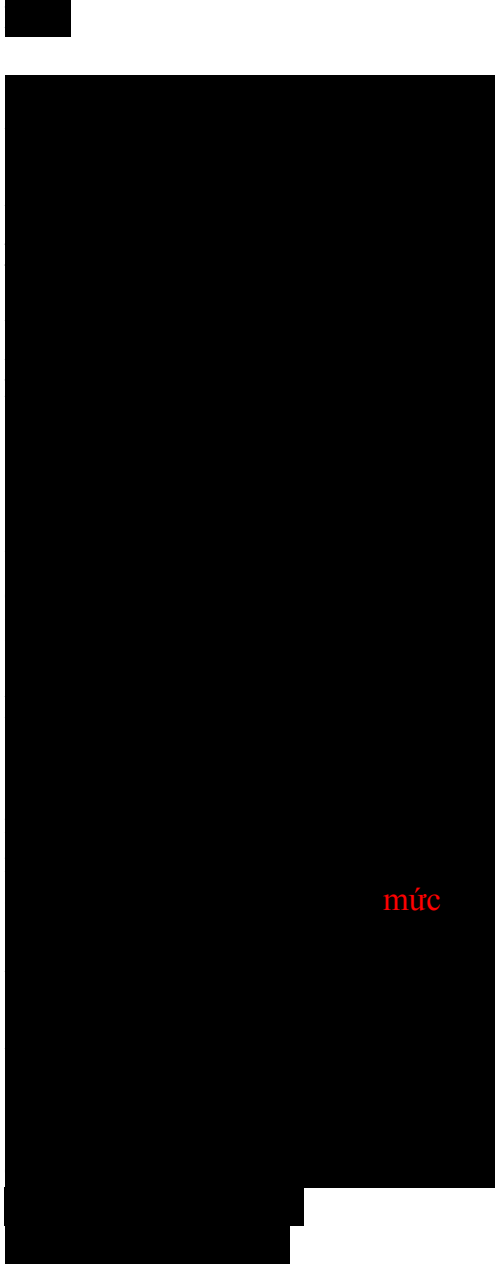
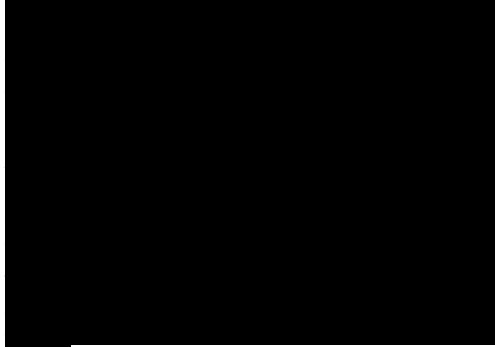
Unexpectedly, after the full-service agency system had been in place for a time, the ALSC found that the agency service was underutilized and that the employees of intermediaries were incompetent. The ALSC found that the commission rate was too low and could not cover the cost of each application service. The intermediaries and their employees were consequently less motivated because of their effort to seek additional profits from other sources, such as recommending further high profit services to companies. Consequently, the ALSC increased the commission rate for each application from 100 Yuan to 200 Yuan to alleviate the intermediaries' dissatisfaction. The ALSC now also refers the registration of applicants to authorized intermediaries in a centralized manner such that registration applicants can be assured that government-designated intermediaries will process their licensing applications satisfactorily. Agency agreements were also signed with these intermediaries to specify the responsibilities and obligations among the ALSC, intermediaries, and applicants. The ALSC also arranged for law enforcement departments to train the agents in professional skills and customer service on a

regular basis. Regulations were formulated to keep agencies in line. Any service provider that receives a complaint of poor service will be required to replace the agent concerned. Moreover, the center will terminate its contract with any service provider that receives two complaints for poor service⁸.

The full-service agency initiative is substantially innovative and practical for the following reasons. First, it significantly solves the licensing inefficiency problem by allowing professional and competent intermediaries familiar with the licensing procedure and process to help applicants with the licensing ordeal. Second, the free full-service agency not only alleviates the financial burden on applicants, but, more importantly, attracts more entrepreneurs investing in new companies in Heping District. Third, this measure helps eliminate cutthroat competition and unregulated operation in the administrative licensing agency industry. The ALSC established and implemented a performance appraisal system and a competitive mechanism to motivate intermediaries to raise their service level in a supervised and managed manner. Finally, the workload of the personnel at the center was reduced because the full application package provided by intermediaries eases the application processing for the ALSC personnel.

(3) Ongoing log

Nevertheless, the lack of supervision and control still plagued the full-service agency



system. No institutional arrangements existed for the supervision and control of the service quality and efficiency of intermediaries at the ALSC. Certain administrative licensing departments would purposely implement reforms slowly or even resist changes that would prevent officials from seeking personal rents from the licensing process with the full-service agency in place. As the ALSC could not effectively supervise and manage the related administrative departments with the same administrative level as the ALSC, there was little possibility that the anticipated objectives of the licensing reform could be achieved.

After the full-service agency system was implemented for a time, the ALSC began implementing an “On-going logging” system to keep track of the performance of licensing officials and monitor the related administrative departments. In the log, representatives of service agencies record in detail all activities performed by licensing officials and the performance of the counter clerks. Although the ALSC does not have the power to supervise other related administrative departments, the Ongoing Log allows the ALSC leadership to identify and resolve cases of inefficiency and abuse of power in the process service provision and, to some extent, serve as a deterrent. The effective implementation of this arrangement helps prevent abuse of power. Reform and innovation at this stage not only ensure sustainable development of the previous two stages, but also bring the administrative licensing system into a benign cycle where smooth operations, coordination, order,

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transparency, integrity, and efficiency matter.

Figure 2: Administrative licensing process after the “three-step reform” (remodeled business registration process)

Outcome of reform

The Heping reform of administrative licensing service receives good and expected consequents. Table 2 indicates that a growing number of registration applicants resorted to agency service after the reform was launched in the second half of 2007. The penetration rate of the agency service reached 100% in 2009 when the “On-going logging” system was initiated. At this time, it took only two to three days for registration applicants to complete the whole administrative licensing process, in sharp contrast with the month or more it took before the implementation of these measures. This three-step reform increased the licensing efficiency and attracted more investors to the district, thus making the district one of the preferred destinations for investment in the city.

Table 2: Business registration and renewal applications handled in Heping District between 2006 and 2009

(Reform launched in the second half of 2007)

	2006	2007	2008	2009
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Total number of applications handled	1416	1665	1790	2050
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Applications submitted by intermediaries				0
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177 1028 2050

Rate 0 11% 57% 100%

Source: Findings of survey conducted at the ALSC of Heping District

Figure 3 reports the number of private enterprises registered in the three districts of downtown Tianjin, Heping District, Hexi District, and Nankai District, and in Tanggu District (Tanggu District is the central part of the Binhai New Area) between 2002 and 2008. In 2005, the Chinese central government embarked on the development program for the Tianjin Binhai New Area. In 2003, Heping District lost its lead position of economic attractiveness. By 2006, the number of private enterprises in Heping District had declined sharply while all other districts had attracted many investments of new enterprises. Since 2007, when Heping District launched the reform of administrative licensing service, the number of private enterprises has rebounded rapidly, according to the statistics.

Figure 3: Number of private enterprises registered in different districts in Tianjin (2002-2008) (Units)

Conclusion

From the case of administrative licensing service outsourcing in Heping District, Tianjin, we find that the NPM reform has already been practiced in China at the local level. Many scholars believe that the NPM doctrine is not applicable in China, which may be right only at the national level. However, NPM reform is



possible for China at the local level as seen in the case study of Tianjin. This article provides an exploratory case study and discusses the causes and conditions of NPM in China. The findings show there is a tremendously different method of governance compared to the developed western countries.

The pressure of competition among local governments in China forces them to seek higher public service efficiency. These local governments have long been competing for limited resources to attract investment, and to seek GDP growth and tax revenue, and opportunities of promotion. As a result, the intergovernmental competition became the driving force behind NPM-based public service reform among local governments. In Heping District, the local government pursued public service outsourcing not for cost reduction, but for the greater capability to provide public service and to create a more attractive government model and business environment, thus attracting more investment.

NPM-based public service provisions in the Chinese local governments still suffer due to the low administrative control. Although it is intended to resolve the problem of low administrative efficiency, the NPM reform is not necessarily efficiently implemented because it lacks professional management and supervision. At the beginning of the ALSC public outsourcing reform in Heping, **the related public agencies resisted the changes.** The use of a supervisory mechanism, the

Ongoing Log, successfully solved such problems. In addition, the NPM reform introduced might possibly still restrain opportunities for rent seeking. For example, as outside researchers, we are still not certain whether there is an opportunity for rent seeking during the selection process of the five intermediaries.

This article does not aim to call for nationwide NPM reform, rather, it highlights why NPM emerged in some regions of China. Some scholars argue that the NPM style outsourcing reform is a response to the capacity deficit of China in servicing a rapidly growing economy by supplementing limited public service provisions (Jing, 2008: 120). Following this logic and the huge regional differences in China, we may hypothesize that local governments with lower administrative capacity, particularly with lower public budget capacity, will more likely launch an outsourcing reform. However, the Heping ALSC case in Tianjin, which is the third biggest municipality in China, shows that NPM-style administrative outsourcing reform is more likely be introduced into rich areas where infrastructure is relatively developed. In economically developed coastal areas, the infrastructure and policy conditions for attracting capital investment, technology, and talents have converged and become relatively mature. Under such circumstances, the competition of public service provision for businesses among local governments plays an increasingly salient role in attracting investment. In this situation, the local

governments pursuing NPM-based reform become more competitive for attracting business investment, and consequently, gain more GDP growth and tax revenue, as well as opportunities of local leadership promotion.

The ongoing NPM reform in local China helps us understand better the basic theory of NPM. The arguments made in previous literature about the conditions of NPM were made based on the rigid bureaucracy and mature democracy in developed western countries. However, this article finds that neither bureaucratic rigidity nor an election-based political system is a prerequisite for the emergence of NPM. In fact, the competitive pressure facing governments is the real reason they choose to pursue NPM reforms. The competition of inter-party elections is simply a special case of competitive pressure in western countries. The case of administrative licensing reform in Heping District in Tianjin demonstrates that NPM reform has taken place in China, where there is competition over investments, economic performance, and promotion opportunities among local governments. NPM reform based on rational choice, public choice, and elements of Total Quality Management (Kelly, 1998) is advantageous when it comes to creating a public-centered government service provision model and cultivating responsive public service personnel (Bourgon, 2007). All these benefits are valuable inspiration for China and other developing countries in their effort to improve government administration practices.

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Notes

1 In interviews with personnel at administrative service center of Jiulongpo District of Chongqing and administrative licensing center of Nankai District, Tianjin City, the interviewees reported corruption cases occurred in administrative licensing process.

2 Refer to the government decree, “The Opinion on Deepening Administrative Licensing System Reform,” Guobanfa (2008) No. 1005 and “Instructions on Deepening Administrative Licensing System Reform and Improve Administrative Licensing Service,” Jinzhengfa (2010) No.5.

3 Information was acquired from interviews with staff members from the administrative licensing center of Heping District.

4 Source: Profile of the Center in its website <http://www.tjhpzxk.gov.cn/index.do>.

<http://www.tjhpzxk.gov.cn/index.d>

5 Tianjin Wanxiang Certified Tax Agents Ltd., Tianjin Tianxin Certified Tax Agents Ltd., Tianjin Rongye Accounting Service Co., Ltd., Tianjin Yuntailai Financial Consulting Co., Ltd., and Tianjin Tiantong Certified Tax Agents Ltd.

6 Interviews with the ALSC staff members and service provider employees working at the center.

7 Time-Limited Permission System is a new type of administrative licensing system launched in the Nankai District of Tianjin in January 2003. The system will automatically generate and grant administrative approval to the applicant if the administrative licensing personnel do not respond within a specified timeframe (Bao, 2006).

8 Licensing affairs in one local government should be centralized in one department. The licensing affairs in one department should be centralized in the ALSC to guarantee the ALSC missions and jurisdiction.

9 The government departments on the second floor of the center are Local Taxation Bureau, National Taxation Bureau, Civil Administration Bureau, Labor Bureau, Cultural Bureau, Education Bureau, Commission of Urban Landscape, Bureau of Environmental Protection, Bureau of Environmental Sanitation, and Bureau of Landscaping. The licensing process covers business license granting, verification of registered capital, preparation of corporate seal, and granting of an organizational code certificate and tax

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9. Các bộ phận chính phủ trên tầng hai của trung tâm bao gồm Cục Thuế địa phương, Cục thuế quốc gia, Cục Quản lý dân sự, Cục Lao động, Cục Văn hóa, Cục Giáo dục, Ủy ban của cảnh quan đô thị, Cục Bảo vệ Môi trường, Cục vệ sinh môi trường, và Cục Cảnh quan. Quá trình cấp phép bao gồm công nhận giấy phép kinh doanh, thẩm định vốn đăng ký, chuẩn bị con dấu của công ty, và cấp giấy chứng nhận mã tổ chức và giấy chứng nhận đăng ký thuế.

registration certificate.

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