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Title
Effects of Dual-Management Systems Reform on the Development of the Nonprofits in China

Abstract
The nonprofit regulation system in China has been featured in the dual management for a long time. That is, a nonprofit can only be registered with the scrutiny from both the Civil Affairs Department and the Affiliated Department. The dual-management system (DMS) is generally regarded as an obstacle for the acquisition of legal identity for nonprofits (Wang, 2007; He, 2010), and one of the institutional factors restricting the development of Chinese nonprofits (Wang, 2009).

Along with the continuous economic reform and social development, the demand for nonprofits has increased in recent decades. As a result, the Chinese government has revised its strategies towards the management of the nonprofits (Jing, 2015). Some breakthroughs of the DMS have been made by various levels of local governments from the 2000s (Tian, 2016).

The reforms in local governments were partially adopted by the Central Government. In 2013, the Third Plenum of the 18th Party Congress announced that occupational guilds, chambers of commerce, science and technology nonprofits, as well as charities and community service nonprofits, should be cultivated and would be allowed to register directly. In this guiding principle, most provinces, autonomous regions, and municipalities have issued specific Direct Registration Policies for these four types of nonprofits.

This reform has slackened the registration procedure for nonprofits to a certain extent. However, policies promulgated by the provinces differ on the degree of support, reflecting in the respects of scope definition, classification standard, and effective date (Zhang, 2017). In addition, there are
places where no formal policy has been issued.

The research question of this paper is then: Whether and to what extent, the Direct Registration Policy have effects on the development of the nonprofits? And, whether the policy differences in provinces explain the regional differences in nonprofits?

Using 2005-2016 provincial data, we examine the effect of the Direct Registration Policy on the development of nonprofits in China. A value of direct registration policy was assigned based on the degree of support in each province. The data came from the provincial policy reports and the National Bureau of Statistics of China. The results show that the Direct Registration Policy of the four types of nonprofits generally promotes the growth of the number nonprofits, and the changes of nonprofits quantity in each province are closely related to the degree of support reflected on the policy text. Policy implications are discussed.

**Keyword**

Nonprofits, Dual-Management Systems, Direct Registration Policy, China