

# Rational Analysis on Chinese Government's Purchase of Public Services and Its Performance Evaluation System

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**Abstract:** In view of the three aspects of the state, the participants and the performance evaluation system, the paper analyzes the government's purchase of public services from the perspectives of its current status and development difficulties, in order to achieve the overall goal of deepening reform and innovating social governance.

## 1. Introduction

In accordance with the spirit and strategic deployment of the 19th National Congress of the Communist Party of China, as well as the transformation of the society's principal contradiction and the transformation and upgrading of residents' consumption structure, today, promoting the smooth and orderly development of governments' purchasing of public services is an important part of innovative social governance, as well as the specific requirements and internal driving force of reform.

As an important part of the innovative service supply mode, the purchasing of public service is of great significance to guide people's reasonable demands and improve the service development speed, to deepen social reform and promote the transformation of government functions, to improve the utilization rate of social resources and cultivate the awareness of public participation, to stimulate social and economic vitality, and to improve the service level and efficiency. At present, local governments are expanding the scope of purchasing public services from social organizations, increasing service efforts, improving the service mechanism and innovating the way of public services purchasing. This also means that the development of the government's purchasing of public service and its performance evaluation system is facing larger and more difficult challenges.

## 2. The Development of Government's Purchasing of Public Service and Its Performance Evaluation System in China

In order to realize the innovation of the service supply mode, China's government purchases public services they needed from social organizations. This method is originated in Shanghai, and then adopted by Guangdong, Jiangsu, Beijing, Sichuan and Zhejiang. The scope of services they purchased has expanded to many fields, such as health care, the birth control, education, employment training and community service.

### 2.1 Supporting Policies Issued by the State

In 2013, the general office of the State Council issued *Guiding Opinions on the Governmental Procurement of Public Services from Social Forces*, which clearly reflects the importance of introducing the market competition mechanism, and shows that the purchase of public services is one of the important strategic measures for our government to transform from the “omnipotent government” to the “service-oriented government”. Through the continuous efforts of the government and the market, the mechanism of government purchasing public services is becoming more and more perfect, and gradually becomes a new way for the government to simplify administration and delegate power.

On July 30, 2018, the Ministry of Finance of China issued *Guiding Opinions on Promoting the Government to Purchases Performance Evaluation Services from the Third Party*. The opinion

clearly points out the requirements of accelerating the establishment of a modern financial system and fully implementing the performance management system, in order to promote the smooth and orderly development of the work of government's purchasing of public services from the third party performance evaluation institutions. The proposal of this guidance further reflects the support of relevant departments on governments' purchasing of public services, and also shows the importance of the performance evaluation system in the whole process. It also requires local governments to pay more attention to the third-party performance evaluation system.

In September 2018, *Opinions of the CPC Central Committee and the State Council on the Comprehensive Implementation of Budget Performance Management* was promulgated, which incorporated the effectiveness of governments' purchase of public services into the comprehensive budget performance management system. At the same time, the whole process of budget performance management should be strengthened. The whole process budget performance management can control the flow of funds in the whole course, so as to ensure that the funds are all used for the people.

According to the report of the 19th National Congress of the Communist Party of China, the core contents of the new round of administrative system reform include following aspects: “transforming the functions of the government, deepening the simplification of administration and decentralization, innovating the way of supervision, enhancing the credibility and execution power of the government, and building a service-oriented government that the people are satisfied with”. This goal more affirms the future development prospect of the government on purchasing public services.

## **2.2 Strengthening Participation Awareness of Social Organizations and the Public**

Under the new cooperation mode of government purchasing public service, social organizations are not passive receivers under the national institutional arrangement. On the contrary, they provide a strong impetus to promote the comprehensive change of the government and social relations. The public's reasonable demand for social services and the government's “purchase demand” can bring more development opportunities for social organizations. After the 18th National Congress of the Communist Party of China, social organizations can seize the opportunity of development, enhance cooperation with local governments through the “bottom-up” approach, expand the scope of responsibility and improve the ability of resource absorption according to the state's policy objectives of purchasing public services and changing government functions.

With the further development of the new cooperation mode of government purchasing public services, more and more relevant social organizations have actively participated in the cooperation in recent years. Taking the Inner Mongolia as an example, in 2018, the number of relevant social organizations which participate in local government's purchase was about 14000, a six fold increase compared with 2000 in 2002, further reflecting the good development trend in this new cooperation mode.

Through a period of cooperation, more people have seen the good development prospects on the government's purchasing of public services, and have experienced the comfortable experience of being “served”. Therefore, more citizens spontaneously participate in and support the new cooperation mode in which the government purchases services from social organizations. The performance evaluation system is the main form for the public to participate in the whole work, among which public supervision is the most important and powerful approach. It can better promote the innovation and upgrading of specific modes of cooperation between the government and social organizations, promote social organizations to improve their own capabilities and then improve the quality of services, and promote the further improvement of the performance evaluation system of the government in purchasing public services.

## **2.3 The Initial Establishment of the Performance Evaluation System for Public Services Purchased by the Government**

In China, the performance evaluation system of the government on purchasing public services is a complex and comprehensive system based on the government's financial performance evaluation system. It includes items of citizen satisfaction, service quality and the government cost. The basic

point of its evaluation is the procurement contract between the government and social organizations, covering the conclusion, implementation, completion and termination of the contract, and involving the recipients, buyers and beneficiaries of the purchase. Improving the performance evaluation of the government on purchasing public services can not only improve the quality and efficiency of the government's work, but also standardize and integrate services purchased by the government. At the same time, it can improve the market responsibility mechanism, and prevent and resolve economic risks in the future.

### **3. Difficulties Faced by the Government in Purchasing Public Services and Establishing the Performance Evaluation System**

Driven by relevant policies in China, the project of public service purchasing by provincial and municipal governments develops well; the performance evaluation system is initially established. But it still faces many difficulties.

#### **3.1 The Government Should Continue to Play a Leading Role in the Overall Process**

Provincial and municipal governments in China have different levels of development in purchasing public service. It can be found that the degree of emphasis of leaders, the speed of concept change, the enthusiasm of staffs, and the binding force of relevant policies, laws and regulations are important factors to promote this process. Hui Zhang, the director of the Research Center on Governmental Procurement and Performance Management of Shanghai National Accounting Institute, once made a speech. The procurement only changes the way of the government to provide services; the government's responsibilities are not reduced, but be strengthened. Government departments are facing higher challenges in performance ability. In short, financial input, contract management and effect optimization are the main functions of the government. As the main body of purchase, the government does not only need to complete the single act of “purchase”, but also needs to do something in follow-up supervision, financial supervision and implementation effect supervision.

#### **3.2 Participants Do Not Have Enough Awareness on Rights and Obligations; Relevant Work Needs to Be Further Integrated**

In the whole process of government purchasing public services, social organizations and the public do not participate in actively. The main reason is that, the main body of all parties can not fully understand their rights and obligations in the purchase. Most of them only focus on their own rights and interests and ignore the obligations to be performed; the initiative of participation is not high. The phenomenon is particularly serious in central and western regions with low economic development levels. Social organizations, the public and even government staffs do not understand, support or trust the work; the overall integration degree is not enough. If we can't strengthen the cohesion within the system, neither the correct guidance of policy nor the sound and perfect evaluation system can speed up the overall work of government purchasing public services.

#### **3.3 The Performance Evaluation System Still Has a Large Development Space**

The purchase of public services by China's government has formed relatively perfect regulations and standardized processes in the aspects of identifying service projects, selecting social organization receivers and providing services provision. But the performance evaluation system still has room for improvement. On the one hand, the performance evaluation index and method have not been unified in China. How to carry out more targeted and more effective performance evaluation for the diversified service demands of the public has become a problem to be solved in accelerating the government's purchase of public services. On the other hand, the previous exploration and practical experience are relatively insufficient, most areas do not actually carry out the performance evaluation. The performance evaluation work system is relatively backward. At present, only a few regions in China, such as Shanghai and Guangzhou, have introduced independent third-party organizations for evaluation.

At present, one of the difficulties for the government to carry out the performance evaluation system is the diversity and low application rate of evaluation results. At present, due to the wide range of performance evaluation indicators, the index system is very simple and lacks details. The third-party organizations have greater discretion. Generally speaking, different third-party institutions can draw quite different conclusions in the evaluation of the same social service. The performance evaluation on governments' purchasing of public services mainly reflects the following four questions: "whether the government purchases public services according to the public demand, whether the process of government purchasing is reasonable and compatible, whether the quality of public services provided by social organizations has improved compared with the previous ones, and whether the reform of government purchasing has been completed and generated long-term interests". The results of performance show the degree of completion of each index and promote the follow-up improvement accordingly. At present, the performance evaluation system in China only integrates the service level data through preliminary survey. It cannot use data effectively, which greatly slows down the development of the government's purchase on public services and its performance evaluation system.

#### 4. Conclusion

From the practical data, the following conclusions can be found. Through purchasing public services from the society, governments can save cost and resources, meet the diverse demands of the public, and improve the quality of services they provide. In the context of the new era, Chinese society's principal contradiction has changed. The social demands increase; provincial and municipal governments need to purchase more public services. The different marketization process directly leads to the unbalanced development of different cities. However, there is no doubt that purchasing public services is a new form of the government. It can not only improve the administrative efficiency of the government, but also play an important role in ensuring the supply of social public services, improving citizens' satisfaction on the work of the government, and speeding up the reform in the social field.

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