

Regulation, Evaluation and Incentives: An Analysis of Management Characteristics of Nonprofit Organizations in China

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Abstract : How to assess and evaluate a not-for-profit (NFP) organisation's performance should be of concern to all stakeholders because, amongst other things, without correctly evaluating its performance might affect an NFP being not able to continue to meet its service objectives. Given the growing importance of this sector in China, more and more existing and potential donors, governments and others are starting to take an increased interest in the financial conditions and performance of NFPs. However, when these various groups look for ways (methods) to assess the performance of NFPs, they find there has been relatively little research conducted into methods for assessing the performance of NFPs in China. Furthermore, there does not appear to have been any research to date into the performance evaluation of Chinese NFPs. The focus of this paper is to investigate how the Chinese government manages and evaluates not-for-profit (NFP) organisations' performances in China. Through examining and evaluating the NFPs in China from different aspects such as business development, mission fulfillment, financial position and other status, this paper finds some institutional constraints currently facing by the NFPs in China. At the end of this paper, a new regulatory framework is proposed for regulators' considerations. The research methods are based on a combination of a literature review; using Balanced Scorecard to assess NFPs in China; Case Study method is employed to analyse a charity foundation's performance in Hebei Province and proposing solutions to resolve the current issues and challenges facing by the NFPs. These solutions include: formulating laws and regulations on NFPs; simplifying management procedures, introducing tax incentives, providing financial support and other incentives to support the development of non-profit organizations in China. This study provides the first step towards a greater understanding of the NFP performance evaluation in China. It is expected that the findings and solutions from this study will be useful to anyone involved with the China NFP sector; particularly CEOs, managers, bankers, independent auditors and government agencies.

Keywords : Chinese non-profit organizations, evaluation, management, supervision

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