



The Influence of Confucianism on the Emergence and Regulation of Nonprofits in China

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Introduction

In 2009, The Ministry of Civil Affairs (MoCA) of the People's Republic of China commissioned a study of international experiences with the use of direct and indirect public policies for nonprofit^① organizations to deliver social and human services. The study conducted by the United States based Comparative Nonprofit Sector Project at Johns Hopkins University examined common strategies for funding and supporting nonprofits in dozens of countries around the world to establish best practices and to advocate for the Chinese government to provide greater financial support and increased contracting with nonprofit organizations (Irish, Salamon & Simon, 2009). In particular, the study encourages the MoCA to outsource more traditionally government-provided social services, to foster an appropriate legal framework to facilitate this outsourcing, to provide significant managerial and financial support to nonprofits and to utilize a wide range of tools for policy implementation including but not limited to contracts, block grants, grants, vouchers, and preferential tax policy.

While the study does produce a number of practical and interesting policy recommendations for the MoCA, there is an inherent problem with this type of research in that it assumes that lessons learned from one country context can be applied to other political and cultural domains without recognizing the unique cultural elements that shape the policy context.

In China, an important cultural consideration is the influence of Confucian and Neo-Confucian traditions and beliefs. Confucianism has influenced Chinese culture for over 2500 years and while its popularity has risen and fallen over time, it remains influential in Chinese society. The Confucian tradition with its focus on the group over the individual and on responsibilities over rights seems to be highly conducive to fostering a robust system of nonprofit organizations (Fukuyama, 1995). Moreover, given the humanistic tradition of Confucianism and thus its unique focus on this world and the realization of moral virtue today, one would expect a robust nonprofit sector facilitated by norms of responsibility (Ip, 2009).

The conclusion of this paper that the influence of Confucianism is more complex than initially thought, Confucian values have had significant influence on the shape of the nonprofit sector today. In particular, it is influenced by the following values:

- *Shu* 恕: *Shu* denotes a sense of reciprocity in which social bonds create indebtedness and obligation
- *Ren* 仁: *Ren* refers to a way of being human and the virtue of a perfected human. It suggests an obligation to the rest of humanity and while not well reflected in any one English word will be referred to as beneficence (Ackerly, 2005).
- *Li* 礼: *Li* refers to ritual propriety. *Li* as a system of action and etiquette bring *ren* into fruition through service to others.

① This paper will use the phrase nonprofit or not for profit organization to reflect a wide range of civil society organizations. This term is the dominant term in Western countries and reflects a type of organization for which owners accrue little or no personal benefit and which often have preferential tax treatment. However, in this paper, this usage reflects any civil society organization whose primary purpose is social improvement and which do not exist to enrich owners. With the exception of the uniquely Chinese "Government Nonprofit Organization," these organizations are privately owned.



- *Wu lun* 五伦: *Wu lun* is the sense of relationships that are both hierarchical and familial in nature. It narrowly refers to the five cardinal relationships but may be thought more broadly as a system that structures obligation and responsibility among people.

The topic of nonprofit organizations is particularly important in light of the economic reforms of Deng Xiao Ping and increasing economic liberalization in the 21st century, greater inequality has emerged along with unfilled welfare gaps. This is most evident in the dismantling of the “iron rice bowl” and the significant plight faced by migrant and other low skilled workers (Bergman, Bergman, Liu, & Zhang, 2015, Yu, 2011). Consequently, a rich and robust nonprofit sector that is congruous with Confucian values and the communist political system needs to continue to emerge to fill the gaps left by a retracting state.

This paper seeks to explain the influence of Confucianism on the emergence and regulation of nonprofits in the Peoples Republic of China (China). It will do so by examining Confucian influences in three areas which are central to the effective operation of nonprofit organizations: volunteerism, philanthropy and charitable activity, and state-nonprofit relations. It will conclude with lessons for fostering civil society within a Confucian context.

Volunteerism

Volunteerism refers to programs and services in which the delivery is conducted without consideration of pay and without coercion and there is a long tradition of volunteerism in modern China, with the early days of the rise of the Communist Party of China advocating “learning from Lei Feng to do good.” However, it wasn’t until the 1980s that government recognized voluntary organizations really began to emerge with the Community Volunteer Association of Xin Xin Sub-district Office of He Ping District, Tianjin. This was followed by voluntary associations sponsored by the MoCA, the Community Youth League Central Committee, the Red Cross Society of China, the All China Women’s Federation and All-China Federation of Trade Unions (Han, 2009). This discussion will begin with an exploration of volunteerism in China and then turn to an interpretation of that volunteerism in light of Confucian principles.

Chinese Volunteerism

Estimates of rates of volunteerism in China are widespread. Some estimates are upwards of 79% of Chinese adults reporting doing unpaid volunteer work when ask to explain their involvement in 13 different types of organizations. While not nearly as high, but still promising MoCA estimates suggest that in 2010 there were 289,000 volunteer organizations with probably been 22 and 25% of Chinese volunteering.

This is in stark contrast to single question surveys by Gallup and Civicus which suggests that Chinese identify their rates of formal volunteering in the single digits (Smith and Zhao, 2016). Perhaps this in and of itself is telling of Chinese volunteerism that Chinese are engaged in voluntary action but don’t think of that involvement in terms of nonprofit volunteerism. This is one explanation for why China comes in 138th place in the Charities Aid Foundation (2016) report with 4% reporting volunteering with a nonprofits. This is in contrast to top ranked Turkmenistan (60% volunteering), Myanmar (55% volunteering), Indonesia (50% volunteering) which lead the world in volunteerism. The United States is 5th with 46% Volunteering (Charities Aid Foundation, 2016).

These pessimistic estimates mask great strides that have taken place around short-term volunteerism in China. There have been dramatic burst of volunteering motivated by the Olympics and the Wenchuan earthquake in 2008. Though there has been a verily significant dip since then (Wei & Cui, 2011). This is in spite of 44% of Olympic volunteers who expressed a desire to keep volunteering.

There has been some systematic effort to increase volunteering in China. Politically 29 of 33 provinces and municipalities have promulgated and implemented volunteering laws. Interestingly, 20 of these laws support universal volunteerism while nine focus exclusively on youth. Nationally, the Office of the Spiritual Civilization Development Steering Commission, the Communist Youth League, and the MoCA have pursued policies, regulations and administrative support of volunteerisms (Wei & Cui, 2011).



Following initial efforts by nonprofit organizations to mobilize volunteers to teach in rural areas, starting in the 1990s the Chinese government under the Ministry of Education and State Council advanced a series of policies to encourage long-term volunteerism by recent graduates. Chinese government estimates suggest that 5,000-6,000 volunteers are now placed annually. In 2006, further policies were advanced to encourage volunteering in a wider range of industries from agriculture to medical services to poverty in rural areas by recent college graduates. More recently, the “Three Assistance and One Alleviation Plan” has further formalized these actions and created incentives to volunteer such as bonus points for graduate school exams or preferential civil service consideration. These examples of government organized volunteerism run parallel to more informal self-organized patterns of volunteerism in which citizens based on personal experience or identification set about addressing social problems without compensation (Zhang & Lin, 2008a). These programs have resulted in a strong workforce of Chinese out to make a difference, but one that is not representative of China as a whole. Youth and college educated Chinese are over represented. For example, in 2002, college students represented 1% of youth but 53% of youth volunteers (Ma, 2002).

Yet, these examples are all drawn from governmental-based service organizations and not from traditional nonprofits as motivators of volunteers. Interestingly, in contract to many western cultures where volunteerism as a product of social movement pressed against government action, within the Chinese context, government has been a major facilitator of volunteerism (Zhang & Lin, 2008b). This is exacerbated by the dual registration system (discussed below) that has significantly curtailed nonprofit organizations in encouraging volunteerism (Han, 2009; Ma, 2002, Yu, 2011).

Confucianism and Volunteerism

Volunteerism often comes about as a result of personal morality, belief, conscience, sympathy and responsibility (Han, 2009). Juan Zhuang (2010) in his analysis of the history of volunteerism in China argues that current Chinese understandings of volunteerism are informed by Confucianism, Mohism, Daoism and Buddhism, but that the origin of volunteerism in Chinese culture is the Confucian call to benevolence.

The Confucian concept of *ren*, roughly translated as benevolence or human goodness, suggests that a person is defined in relationship to his or her part in the larger community and the demand to act ethically toward others (Bergman, Bergman, Liu, & Zhang, 2015). Flowing from the idea of *ren* is the notion of *li*, which has tended to focus on rites and rituals of religious practice, but in the context of understanding volunteerism in China, can be seen as an extension of *ren* in that it brings this benevolence into practice in service of one another. “A *ren* person recognizes and responds to others as persons, or is responsible for carrying out actions appropriate to those relations. According to Confucian principles, personhood is a function of interdependence, and it is cultivated through the social and spiritual accomplishments of people’s personal interactions” (Bergman, Bergman, Liu, & Zhang, 2015, p. 7). Thus volunteerism offers a way for *ren* and *li* to shape individuals from their original state into diligent and responsible people who carry out their responsibility to others

To better understand the relationship between Confucianism and volunteerism in China, one might look at the decision to be a volunteer blood donor. Beginning around 2004, China switched from an employer coordinated system to a purely volunteer strategy for sustaining the medical blood supply. Using a survey of over 900 Beijing blood donors who donated either as part of an employer-organized drive or as volunteer donors, scholars demonstrate an evolving picture of blood volunteers in China. Donors who tend to donate because of their altruistic belief structure differ significantly from those who donate based on employer obligation. In particular, they are more likely to be younger, less educated and lower income. However, the more interesting findings of this study suggest that Chinese culture on the whole is supportive of this type of charitable activity. Three quarters of Chinese report that “society commonly views blood donation as a normal activity” and over 90% state that “society commonly views blood donation as something that kind or altruistic people do.” This is in spite of traditional Chinese notions that see the loss of blood as unhealthy or a



draining of energy or a life. This social acceptance of charitable activity aligns with Confucian notions of benevolence and the requirement to act on this disposition (Tison et al., 2007).

While Zhuang (2010) agrees with others scholars that volunteerism transcends familiar obligation, blood relationships take precedence over a more generic call to be kind hearted. He also notes that Confucian benevolence extends to service to the state. "For example, Mencius called for the virtue that...scholars should maintain their own integrity...[and] that they should make perfect the whole empire which advocates that, for the well-being of the state, successful people should share their good fortune with those in need." (Zhuang, 2010, 2844). This statist perspective on volunteerism has two effects. First, it creates a hierarchical structure in which greater social need is subjected to the needs of ones clan. Second, a focus on benevolence to the state undermines civil society because it encourages state run volunteerism and service over grass roots efforts.

Certainly, in the modern era, these traditional notions of volunteerism informed by Chinese philosophy were not eliminated but were moderated by western influences in the form of Christian missionaries, western media, overseas Chinese and eastern influences such as Chinese nationalism and the power of the communist state (Zhuang, 2010). However, one should not overlook the effect of Confucianism and its impact on volunteerism.

Philanthropy

When referring to philanthropy, we are referring to the giving of funds for charitable purposes in a way that is both 1) voluntary and 2) discretionary. As with the previous section, this section will proceed by first examining the current state of Chinese philanthropy and then analyzing that pattern in terms of Confucian values.

Chinese philanthropy

The level of giving to charitable organizations in China is comparatively low. The Charities Aid Foundation publishes the World Giving Index which ranks countries based on the percentage that donate money to charity. Myanmar (91%), Indonesia (75%), and Australia and Malta (73%) lead the world in percentage of the population donating money to a charitable organization. The United States is 13th with 63% giving. 35% of Koreans give, and China comes in 138th place with only 6% donating to charity (Charities Aid Foundation, 2016).

Likewise, in a study of 41 countries, private and corporate philanthropy on average compose 15% of nonprofit revenue. This number varies from country to country with 44% of charitable revenue coming from philanthropy in Pakistan and 38% in Uganda. Comparatively, most Eastern European democracies have less than 5% of revenue as charitable (Irish, Salamon & Simon, 2009). While accurate estimates from China are elusive, the significant presence of Governmental Non-Governmental Organizations (GONGOS) suggest that philanthropic revenue is unlikely a major source of nonprofit activity (Ma, 2002). Likewise, corporate philanthropy is hard to gauge as much of the corporate philanthropy that has existed historically was been strategic as opposed to charitable (Bergman, Bergman, Liu, & Zhang, 2015).

This is not to say that Chinese are not philanthropic. Since joining the World Trade Organization, corporate philanthropy in China has risen gradually with rapid burst of generosity following the 2003 SARS outbreak, 2004 Tsunami in the Indian Ocean, 2008 Frost Disaster and most significantly after the 2008 Wenchuan earthquake (Gao, 2011). However, it is clear that many formalized voluntary associations in China have failed to sustain permanence as result of philanthropic insufficiency (Han, 2009). This failure comes as a result of structural, capacity and cultural reasons.

Structurally, there is little incentive for Chinese to give. Only government and government sponsored foundations can legally solicit donations from individuals and there are few tax incentives to charitable giving (Zhang, Go, & Cai, 2011) Likewise, the notion of philanthropy has been somewhat limited in China for a number of reasons. First, under communism, the role of private enterprise has historically been largely



subjugated. Thus in the absences of private enterprise, there is little opportunity or incentive to give philanthropically. Second, communism is based on a system of state-led welfare that is inconsistent with private philanthropic activity (Bergman, Bergman, Liu, & Zhang, 2015).

From a standpoint of capacity, philanthropic levels may be lower merely based on ability to give and the infrastructure for giving (Michon & Tandon, 2012). As economic power has risen in China, so too has expectations for corporations to engage in philanthropic activity. Given China's increasing economic power and the rapid pace of growth, one would expect expanding levels of philanthropy in the future. This would have a positive impact on the number and strength of nonprofits as increased fundraising spurs local growth and greater visibility (Michon & Tandon, 2012).

Lastly, the influence of culture cannot be ignored. Private giving is best explained by value systems (Michon & Tandon, 2012). With Confucianism as a dominant value of Chinese society, it is important to consider its effect on philanthropic activity.

Confucianism and Philanthropy

“Traditionally, philanthropy virtues such as civic betterment, benevolence, charity, compassion, or generosity have always mattered in Chinese culture as evidence by the teachings of Confucianism...[Confucianism] regarded philanthropy as the distinguishing characteristic of man, as one of fundament constituents of nobleness and superiority of character.” (Menkhoff, 2009, 63). Philanthropic behavior is linked to Confucian tradition through the recognition that personal development requires the cultivation of social relationships. Thus philanthropic support becomes a method by which one realizes their obligations in relationship and the acting out of *Li* for the purpose of *Ren*. This is reinforced by other Confucian values such as contribution to society (*she hui de yi wu he ze ren* 社会的责任和义务), moderation (*shi* 适度) and reciprocation (*shu*). These latter values emphasize social responsibility in addition to the demands of *ren* for self-development. (Bergman, Bergman, Liu, & Zhang, 2015).

The concept of benevolence as directed toward philanthropy suggests four main points 1) benevolence exists in relationship and thus is didactic, 2) that the fulfillment of people is the highest spiritual realm, 3) understanding ideal social relationships are central to Confucianism, and 4) benevolence transcends fate, family, and political power (Chen, 2004). Chen (2004) argues that this transcendent element serves as an important justification for philanthropic activity.

In a review of emerging philanthropic markets, Michon and Tandon (2012) find that countries with capitalist economics and protestant traditions are the most likely to engage in philanthropic activity. However, emerging markets with a Confucian tradition share similar ethics and are increasingly candidates for private philanthropy. Using predictive modeling Michon and Tandon (2012) suggest that as ability to give increases, Confucian countries such as China, Taiwan and South Korea will become major actors in global philanthropy.

However, the Confucian influence is not only one way. While the effects of *ren* and *li* on giving is generally positive, the effects of *shu* and *wu lun* are more ambiguous. Under the confines of *shu*, the Chinese notion of philanthropy has placed greater emphasis on reciprocity than western notions and thus emphasized giving to one's personal community rather than targeting root problems (Menkhoff, 2009). This limits the ability of nonprofit organizations to benefit from a charitable mindset. Likewise the Confucian emphasis on self-reliance and the importance of personhood discourages organizational giving. To be a person or *Wei jen/tso jen* flows directly from the meaning of *jen*. Thus people are the primary unit over groups and other levels of society and thus the primary recipients of aid. The Confucian mandate of “person- family-state”, doesn't necessarily translate into a modern notion of “person – family – large social group – state” (Liu, 1978).

Additionally, under the concept of *wu lun*, there are multiple effects. From a positive standpoint, *wu lun* fosters filial piety (*xiao* 孝) which when viewed from a transcendent perspective, suggests an obligation of love that extends beyond traditional relationships. In this way the need to act from a vantage point of love fosters the desire to engage in philanthropic activity (Chen, 2004). This is consistent with those who have suggested that the



Confucian focus on familiar responsiveness should not be interpreted strictly to mean biological family but rather that this charge generates the need to be philanthropic with a wider set of subsidiary entities (Bergman, Bergman, Liu, & Zhang, 2015),

At the same time, this same notion of filial piety can more narrowly be justified as existing to cement the bonds between fathers and sons or more broadly between rulers and subjects (Chen, 2004). The significant focus on blood relationships and family obligations in China has stunted the development of civil society as individuals give preference to more immediate kin relationships over wider philanthropic obligations (Bergman, Bergman, Liu, & Zhang, 2015).

This is further complicated by the fact that under *wu lun*, the sense of obligation to reciprocity is asymmetrical as a result of the hierarchical nature of relationships (Ip, 2009). As such, the cultural norm to give freely without return is limited. The ability to give upwards in order to satisfy the reciprocal norms of *wu lun* are limited when charitable giving is facilitated through impersonal organizational formats.

State Structure

“In advanced market economies, private nonprofit organizations constitute a third sector apart from the public sector and the for-profit sector, playing a significant role in socioeconomic spheres” (Xin, 2005, p 10). However, the state of the nonprofit sector in China is somewhat unique. In order to understand, the influence of Confucianism on the state-nonprofit relationship in China, this section will proceed in three sections. It will begin with a review of the types and numbers of nonprofits in China and the political context in which they operation. Next it will review the regulatory framework that constrains nonprofit organizations. Finally, it will conclude with an application of Confucian theory to understanding the regulatory environment.

The Current State

Around the world, there are a wide range of differences in how governments relate to their nonprofit organizations. In the United States and United Kingdom, governments provide an increasing level of funding but this funding is fairly small and administration is more hands off than in other countries. By contrast, in Germany and the Netherlands, state-nonprofit relations are highly structured and largely dependent on government funding (Irish, Salamon & Simon, 2009).

Since the reform and opening, there have been increasing numbers of privatized organizations including a greater number of nonprofit organizations. There are four types of groups: profit oriented public organizations (state-owned enterprises), nonprofit organized public organizations (public services), profit-oriented non-government organizations (private sector), and nonprofit private groups (civil society) (Xin, 2005). In particular, these nonprofit organizations are characterized by three main forms (Ma, 2002; Xiaomen, 2011):

- Social Organizations (SO, *she hui tuan ti* 社会团体): These include associations, foundations, chambers of commerce, and federations.
- Nongovernment Noncommercial Enterprises (NGNCE, *min ban fei qi ye dan wei* 民办非企业单位): These are income making institutions that do not produce profits but provide social and professional services.
- Trade associations: Trade associations serve as intermediaries between industry and government. They serve both private and public interest by advocating for the needs of industry while providing coordination services demanded by government.

Since 1998 and 2004 when the relevant regulations were relaxed, the number of nonprofit organizations has increased dramatically. In 2009 there were 190,000 registered nonprofits^① up from zero in 1998 when the

① These numbers refer to the registered nonprofits. The number of unregistered nonprofits or de facto nonprofits who register as private organizations to escape regulation vastly outstrips the number of registered nonprofits (Smith and Zhao, 2016)



Chinese government first began recognition (Yu, 2011). This number comes from the MoCA and is conservative relative to many outside estimates that likely reflect a wider range of organizational types. A breakdown of the sector by industry can be found in Table 1. Yet despite the increasing number of nonprofits, they represent a comparatively small portion of the economy or .8% of total employment. This is in contrast to 15% in the Netherlands, 9% in the US and a global average of 5.5%. (Irish, Salamon & Simon, 2009).

Table 1: Chinese nonprofits by industry

Sector	Number of organizations
Education	92703
Social Service	28060
Health Care	27237
Scientific and Technological Research	9760
Culture	7188
Sports	6591
Industrial and Business Services	2080
Vocational Services	1628
Agriculture and Rural Development	1466
Ecology and Environment	1049
Legal Services	782
Religion	271
Other	11608

Nonetheless, there will likely continue to be limits to its further development. These include political limits such as a tradition of service provision dominated by *shi ye dan wei* 事业单位 and an expectation that government funding will flow to *she tuan* 社团 (Irish, Salamon & Simon, 2009). There will also likely be limits to freedom based on cultural norms and governmental scrutiny (Yu, 2011).

Regulation

In recent years, the government has reduced funding to nonprofit organizations as a symbol of their independence; this allows the nonprofit to claim independence in the face of international expectations for free and voluntary action. However, this lack of funding does not demonstrate true independence as the government is still actively involved in managerial expectations and regulations (Ma, 2002). Nonprofits in China are managed by the Bureau of Management of NGOs, an office of the MoCA (Ma, 2002).

Many nonprofits in China operate under a system of dual registration. A dual-control system requires that most nonprofit organizations (essentially all SO outside some experimental provinces) register with both MoCA but also with a government agency in a related field which agrees to supervise the work of the nonprofit. The relevant competent department must operate within the domain of service which the nonprofit provides and is responsible for oversight and compliance within its area of expertise (Ma, 2002). This policy of government registration and affiliation with a supporting agency effectively limits the number of recognized nonprofit organizations.

The MoCA is mainly concerned with registration, annual inspection, and ensuring compliance and punishment with any relevant rules and regulations. There has been a hesitancy on the part of relevant competent departments to provide sponsorship for fear that they will be held accountable for violations of policy (Han, 2009; Ma, 2002). These relevant competent departments have been nicknamed “mothers-in-law” agencies as they exercise day to day oversight. As a result, many nonprofit organizations have chosen to register as for-profit organizations because of their inability to find and secure an oversight partner (Ma, 2002). Moreover, all organizations are required to reregister periodically resulting in frequent purges which quickly lower the number of nonprofit organizations (Ma, 2002). This system requires the examination and approval



by both the MoCA and a “relevant competent department” or the *ye wu zhu guan dan wei* 业务主管单位 and the *deng ji guan li ji guan* 登记管理机关。

In recent years, there has been greater support of charitable organizations including the 2005 “Law of Donations” and Article 5 of the 2006 Chinese company law both of which encouraged corporate philanthropy through preferential tax treatment (Bergman, Bergman, Liu, & Zhang, 2015). Moreover, the 12th 5 year plan which covers the period of 2011-2015 has given priority to increased social investment in education and health care through the use of nonprofits and a command to “strengthen and innovative social administration regime” with greater citizen participation (Yu, 2011).

This has resulted in a series of reforms that have relaxed the dual registration system. Two of the biggest reforms include local and direct registration for some types of organizations and the documentation system. Under the first reform four types of nonprofit organizations can now register directly with the MoCA without identifying a relevant competent department. These agencies include trade associations, charities and foundations serving public good, urban and rural serving agencies and science and technology nonprofits. The second reform, the *bei an* 备案 or “documentation system”, began as a Shanghai experiment that has gained national traction. Under this system, nonprofits which are ineligible for registration because they are not legal persons have another option. The goal is not so much promotion but rather regulation since nonprofits are given the opportunity to document their existence with their local government. Practices vary from jurisdiction to jurisdiction as there is not yet a national policy (Smith & Zhou, 2016).

Ultimately, the level of autonomy of nonprofit organizations in China varies depending on 1) the ability of nonprofit officials to influence their government regulators, 2) the nonprofits financial independence, and 3) whether the nonprofits supervising agency takes their responsibility seriously (Smith and Zhao, 2016). This results in uneven autonomy among nonprofits and a highly ambiguous environment for those wishing to start new nonprofits.

Confucianism and State Regulation

Early scholars attempted to understand the existence of nonprofit organizations that existed to outside government from a largely western construction. They cite the emergence of civil society groups in the late Qing Dynasty that served to advance the interest of intellectuals, merchants, and land owning groups. This western construction stressed the focus of these groups as intermediary between individuals and government. They were based on economic interest and ensuring rights of the state. In contrast, one might think of a Chinese-based notion of nonprofits that is based on obligation and interdependence rather than rights and responsibilities (Ma, 2002).

There are two Confucian principals that inform our understanding of nonprofits in china: statism (political Confucianism) and capitalism (Confusion personal ethic) (Michon & Tandon, 2012). Political Confucianism emphasizes the group over the individual and thus the state over other subordinate organizations. Personal Confucianism focuses on the ethic and thus is facilitative of philanthropic activity.

Scholars of civil society in China have advanced an argument that there are two conflicting perspectives that reflect different notions of nonprofit organizations. The first perspective views nonprofits as an instrument for individuals to have their collective voice heard and to improve their lot vis-à-vis government. This is the dominant notion of nonprofit organizations in the west. (Zhang & Guo, 2012). In this sense, you will find the effect of *ren* and *li* similar to those discussions above. Namely, that they serve to foster a stronger sector based on norms of beneficence and reciprocity in a way that is consistent with personal Confucianism.

The decline of the welfare state and greater privatization has resulted in more traditionally government services being provided outside of government by nonprofit organizations. This can be seen in many western welfare states but also in China as the Chinese government maintains a need to keep some balance of quality of life among its citizens. This has several benefits that are consistent with beneficence in that the nonprofit



agencies which are closer to the client than centralized government are better able to respond to the unique situations of their needs (Xin, 2005). This can be seen in the Chinese concept of “small government big society” in which the Chinese government has abdicated responsibility for many welfare programs but allowed the continued expansion of civil society to fill these voids (Ma, 2002).

The second perspective is often thought of as the corporatist perspective in which nonprofits and government are intertwined rather than being seen in opposition to each other. Empirical research on advocacy activities of nonprofit organizations suggest that political Confucianism and the connection between nonprofits and the state is more true than not (Zhang & Guo, 2012). This is where one sees an impact of political Confucianism and a willingness to subjugate civil society goals to state interest.

To better understand this, one returns to the concept of *wu lun*. As noted above, relationship plays a critical role in understanding the influence of Confucianism in Chinese society. While there is a myriad of relationships that exist, most literature focuses on five relationships and ten reciprocal values (Table 1).

Table 1: Five relationships and Ten Reciprocal Values

Dominant	Subordinate	Value
Ruler	Subject	Benevolence - Loyalty
Father	Son	Righteousness - Filial Piety
Husband	Wife	Love - Obedience
Elder	Younger	
Brother	Brother	Gentility - Humility
Senior	Junior	Considerateness - Deference

The effect of these values on state-nonprofit relationships is three-fold and not particularly supportive. First, the emphasis of the benevolence of the state crowds out non-state actors. Consequently, the state’s requirement to serve its subjects makes nonprofits superfluous. While, the Chinese government has begun rolling back this responsibility, its influence remains.

Second, the focus on loyalty to the state found in *wu lun* requires an element of deference. There is debate among Confucian scholars about the level of deference to the state required. The Mengzi perspective certainly requires less hierarchical deference than the Xunzi perspective and thus would necessitate less political hierarch (Ackerly, 2005). However, recognizing the capacity of civil society organizations to work against as opposed to for government, there have been ebbs and tides of control over these nonprofit groups. The 1998 regulatory policy restricted independent action while some recent reforms have led to relaxing of government oversight. However, the nonprofit state in China is certainly heavily influenced by government action. This can be seen by an estimate from the early 2000s that suggests that nearly 50% of nonprofit organizations are in fact Government-Organized Non-Governmental Organizations (GONGOs). Consequently, many nonprofit organizations are not truly third sector organizations as they are conceived as in the west because they lack independence. They fulfill the service function of nonprofits but rarely address the representative or advocacy role that is seen in western nonprofits (Ma, 2002).

Third, Fukayama (1995) presents an alternative perspective. “If civil society is weak in China, the weakness is due not to a statist ideology, but rather to the strong familism that is basic to Chinese culture, and the consequent reluctance of Chinese people to trust people outside of their kinship groups. The problem that will confront the institutionalization of democracy in China in the future will not be a culturally ingrained deference to state authority, but a sense of citizenship too feeble to generate spontaneous coherence or call for sacrifices for the sake of national unity (Fukuyama, 1995, 28-29).” To this end, nonprofits are limited by *wu lun* because of its strong notion of familial piety that buffers against a temptation to engage in collective action that crosses traditional ties.



Consequently, we see a similar tension to that found in the discussion of volunteerism and philanthropy. There are elements of Confucianism that serve to both support and restrict the expansion of the nonprofit sector in China.

Conclusions

As China has evolved its political, economic and legal framework, it has not been able to tackle all issues at once. Consequently, there is a need to develop social policies and legal guidelines that address and support voluntary action (Han, 2009). In order to aid this development, there is strategy to be employed to use Confucian traditions and ideas to bolster the nonprofit sector. This includes emphasizing some aspects of Confucianism while reinterpreting others.

In particular, this paper advocates for three strategies: 1) a renewed emphasis on *ren* and *li* as an instigator of social responsibility, 2) A diminishment of *shu* in favor of a more western perspective of altruism, and 3) a less hierarchical interpretation of *wu lun*. First, with the exception of concerns that *ren* shifts responsibility for services to the government, the effect of *ren* and *li* is largely positive on the development of civil society in China. Just as the Chinese communist party, which once was very hostile to Confucianism, has used Confucianism to bolster popular support and fill an ideology vacuum (Bell, 2006), so too can it use Confucian principles to support and encourage greater investment in civil society. Attempts should be made to develop marketing materials and educational curriculum that build on these traditions.

Second, the elements of *shu* found in Confucianism should be downplayed. While the intention of social function of *shu* has a positive intent, its effect is largely negative on nonprofit action. This is very similar to how the concept of *guanxi* which while intrinsically positive has been a source of corruption in Chinese government. The Chinese understanding of nonprofits should replace *shu* with notions of altruism and pro social behavior that are common in the west as well as in Korea.

Third, Confucian scholars and government officials while maintaining a sufficient level of hierarchy of social control, should preference interpretations of *wu lun* which are more consistent with interpretations from Mengzi (Mencius) than Xunzi (Xun Kuang). This perspective views the state as a steward and thus diminishes the role of hierarch and consequently the level of deference expected. This opens up society for expertise and influence from outside of government.

In conclusion, the strong emphasis of government provided services and management of volunteers limited the ability of Chinese citizens to tap into value systems other than patriotism and governmental obligation. The decentralization of service provision creates an opportunity for Chinese citizens to engage in volunteerism and nonprofit involvement form more personalized and spiritual justifications. Consequently, a rise of relevance of Confucianism will continue to inform nonprofit action in greater ways in the coming years (Han, 2009)

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