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## **Stabilizing Networks?**

*Social Organizations and Old-Age Services  
in Urban Communities in China*

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prepared for the UNRISD project  
New Directions in Social Policy:  
Alternatives from and for the Global South

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## Acronyms

<b>SOs</b>	Social organizations
<b>NGOs</b>	Non-governmental organizations
<b>CHARLS</b>	China Health and Retirement Longitudinal Study
<b>Three No-s</b>	No children, no income, no relatives
<b>Laolingwei</b>	Old Age Affairs Commission
<b>Laonian Xiehui'</b>	Older People's Association
<b>PRC</b>	People's Republic of China
<b>PSSRU</b>	Personal Social Services Research Unit
<b>UNSW</b>	University of New South Wales
<b>CASS</b>	Chinese Academy of Social Sciences
<b>OAAO</b>	Old Age Affairs Office
<b>UNDP</b>	United Nations Development Programme
<b>WHO</b>	World Health Organization

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## Abstract/Summary

In recent years, China has experienced rapidly increasing demand for old-age care and relevant services for elderly people because of population aging. According to a 2015 Social Service Development Statistical Communique, by the end of 2015, China's population aged 60 and over had reached 222 million—equivalent to 16.1% of the total population. Further, the population aged 65 and over had reached 143.86 million—about 10.5% of the total population. (The 2013 China Human Development Report forecasts this figure to be 18.2% by 2030—higher than in most industrialized countries.) Other estimates suggest that the actual old age dependency ratio reached 5:1 by 2012, greater than the 8:1 estimated by the official statistics, and may reach 3.5:1 by 2020. In addition to demographic changes, China's old-age care services are challenged by the country's changing social and economic situations. With overall income increases, older people's lifestyles and demand for cultural activities have changed significantly from those of the past. Older people have begun to demand more convenient, more varied, and higher-quality services and facilities. These changes have created serious challenges for the existing old-age care system.

Faced with these newly emerging needs, demands, and higher expectations for more personalized services, the state recognized that it is no longer possible to play a paternalistic role as it has done in the past, prescribing which services people can access and delivering them at the minimal level. Instead, the state must now rely on other actors to cope with the mounting challenges. With the involvement of alternative providers, the state does not always need to be a service deliverer; the financing of services can also be diversified, which may lead to lower service costs and higher user satisfaction.

Reforms in two sectors of old-age care were introduced as a result:

- In 2000, a community-based service network was introduced to guarantee that services are delivered close to where people live.
- Starting from 2013, social organizations (SOs) were contracted to deliver social services.

These two changes mean that services will be increasingly delivered at the community level by non-government providers. Service providers could be expected to be more responsive to diverse and changing social needs, and to mobilize resources outside the public finance system. Despite the fast growth in services, people remain cautious about the current trend of contracting out social services to SOs. This concern is not solely about services per se, but also about the sustainability of the system.

In this paper, we argue that the existing studies and critiques of the introduction of SOs to service delivery have often made hasty judgements. The eagerness to see quick results can stand in the way of developing healthy relationships between stakeholders. Like any new mechanical system, if not more so, a new policy implementation system requires time for all the actors to learn, negotiate, and adapt. Stakeholders need to readjust to the new roles they have assumed in the new networks established as a result of introducing SOs to the system, and it takes time for an established network to be reshaped and re-stabilized. Only when the networks are stabilized can the discussion of sustainability be meaningful. This means that, at this stage, it is necessary to make an effort to examine what has occurred during the process of framework formation in order to observe the challenges to stabilization and sustainability, and to examine how stakeholders have adapted to or coped with the changes. Studying this process may also help us think at a theoretical level about whether some of the reactions and factors can be generalized to different policy contexts.

In the following sections of this paper, we first examine the characteristics of old-age services, and show that delivering social services involves a complex system that can only be achieved with the participation and coordination of multiple stakeholders. This means that the system is unavoidably a network of stakeholders, comprising actors in both formal and informal sectors. We then discuss theories of network transition and establish an analytical framework to understand the process of adjustment after new actors join an existing network. We analyze six cities in China to examine which factors help a city adapt to changes more effectively. In the conclusion, with reference to the experience of these Chinese cities, we discuss the current state of the network stabilization process in different contexts and explore the research outcomes. This research contributes to understanding network transition by establishing the role of community features.

## Introduction

In recent years, China has experienced rapidly increasing demand for old-age care and relevant services for elderly people, as a result of the rapid growth in China's older population (Peng 2013). According to the *2015 Social Service Development Statistical Communique* (Ministry of Civil Affairs 2016), by the end of 2015, China's population aged 60 and over had reached 222 million—equivalent to 16.1% of the total population. Further, the population aged 65 and over had reached 143.86 million—about 10.5% of the total population. According to an estimate by Hu and Yang (2012), the actual old age dependency ratio reached 5:1 by 2012, greater than the 8:1 estimated by the official statistics. This ratio will reach 3.5:1 by 2020. According to the estimate of the *2013 Human Development Report of China* (UNDP China 2013), by the end of 2011, about 9.1% of Chinese people were older than 65. According to this report's estimate, this figure will rise to 18.2% by 2030—higher than in most industrialized countries. In addition to the demographic changes, China's old-age care services are challenged by the country's changing social and economic situations. As the overall income increases, older people's lifestyles and demand for cultural activities differ from those of the past. Older people have begun to demand more convenient, more varied, and higher-quality services and facilities. These changes have created serious challenges for the existing old-age care system.

Faced with these newly emerging needs, demands, and higher expectations for more personalized services, the state—which used to be prescriptive and paternalistic—has recognized that it is impossible to play the paternalistic role as it has done in the past, by prescribing which services people can access and delivering them at the minimal level. Instead, the government must now rely on other actors to cope with the mounting challenges. With the involvement of alternative providers, the state does not always need to be directly involved in service delivery; the financing of services can also be diversified, which may lead to lower service costs and higher user satisfaction.

Partly due to the need to meet these emerging social needs more efficiently, the state has introduced reform in two areas of old-age care (Yan and Gao 2007; Howell 2012) as follows:

- In 2000, a community-based service network was introduced to guarantee that services are delivered close to where people live.
- Starting from 2013, social organizations (SOs) were contracted to deliver social services.

These two changes mean that services will be increasingly delivered at the community level by non-government providers. In theory, such changes should allow more responsive service provision that is adaptive to diverse and changing social needs, and mobilization of resources outside the public finance system (Stephan and Müller 2012). These changes have profound meaning for the state of old-age care in China; there is booming service provision in the sector. According to the Statistical Communique published by the Ministry of Civil Affairs in 2016, by the end of 2015, there were 116,000 service providers or facilities nationwide (23.4% higher than the previous year), with 6.727 million beds available to older people in need of care (16.4% higher than the previous year). On average, there were 30.3 beds per 1000 older people.

However, despite the fast growth in services, people remain cautious about the current trend to contract out social services to SOs. This concern is not solely about the service per se, but also about the sustainability of the system (Teets 2013). In this paper, we argue that the existing studies and critiques of the introduction of SOs to service delivery have often made hasty judgements. The eagerness to see quick results can stand in the way of developing healthy relationships between stakeholders. Like any new mechanical system, if not more so, a new policy implementation system requires time for all the actors to learn, negotiate, and adapt. Stakeholders need to readjust to the new roles they have assumed in the new networks established as a result of introducing SOs to the system, and it takes time for an established network to be reshaped and re-stabilized. Only when the networks are stabilized can the discussion of sustainability be meaningful. This means that, at this stage, it is necessary to make an effort to examine what has occurred during the process of framework formation in order to observe the challenges to stabilization and sustainability, and to examine how stakeholders have adapted to or coped with the changes. Studying this process may also help us think at a theoretical level about whether some of the reactions and factors can be generalized to different policy contexts.

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## The Acute Need for Old-Age Services

According to the Chinese Health and Retirement Longitudinal Study (CHARLS), in 2011, about 30% of people aged 70 and above in China needed some type of old-age care or social service. This rate increased to 50% for people over 80. As the population ages, the demand and need for old-age services will continue increasing.

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