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Stabilizing networks? Social organizations and old-age services in urban communities in China

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Working Paper 2018-16

Stabilizing Networks?

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

Bingqin Li, Lijie Fang and Bo Hu

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

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Acronyms

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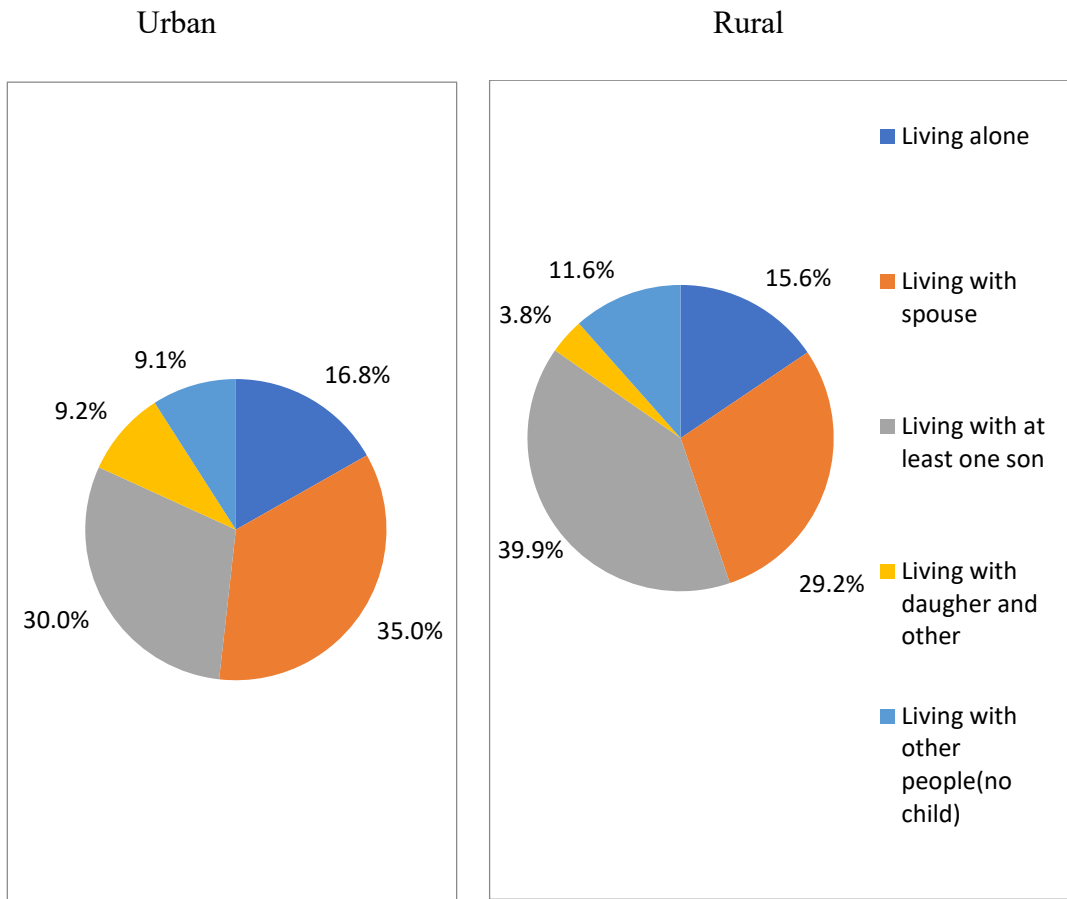
The Acute Need for Old-Age Services

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.

The unsatisfied demand and need for old-age services are becoming more serious as people's lifestyles change. As Chinese society becomes increasingly Westernized and experiences increased migration as a result of urbanization and industrialization, the living arrangements of Chinese families are changing rapidly. A study by Lin et al. (2014) found that, in 2010, both in rural and urban China, the proportion of older people living with their sons was significantly lower than in the Fifth Census of China in 2005. It is expected that the proportion of older people not living with their children will continue to increase. According to the *Chinese Family Development Report (2015)* (National Health and Family Planning Commission 2015), at the end of 2014, nearly 10% of older people's households comprised single-person households, while only 41.9% included two older people (National Health and Family Planning Commission 2015). Independent living has many benefits for older people, but requires corresponding social services as support. In China, although children and spouses remain the main caregivers, the above

report indicated that 32.4% of people aged over 60 and living alone could not receive help when they encountered difficulties. The report also indicated that 65.3% of older people with a partner were cared for by their partner, and only 11.6% were cared for by their children. The CHARLS data also showed that institutional care had not gained much importance by 2010. By the end of 2014, on average, older people mainly relied on themselves and their families to cope with their daily needs. Their usage of care services primarily comprised healthcare. Social care services in rural areas mainly comprised health examination and consultation, with about 27% of older people receiving this service. Meanwhile, 7.5% of older people had received medical care, 6.8% of older farmers had received some help with their farming, and 4.4% of older people had younger people accompany them to visit a doctor (National Health and Family Planning Commission 2015). However, there is a greater demand for social services. At the national level, the proportion of older people who actually received social services was still considered low, even by 2014. Thus, it is important to determine why—after all the excitement of introducing SOs—the demand for these services is still far from being met.

Figure 1 Living arrangements of older people in China



Source: CHARLS 2011.

The Complexity of Old-Age Services

The content of old-age care services can differ. Some people regard it as care for older people, and others regard it as a system that helps older people lead an active life. China's old-age care is at a turning point, from a system that focuses on 'care' to a system that facilitates active ageing. According to the definition of the World Health Organization (WHO 2013), active ageing is 'the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age. It applies to both individuals and population groups'. This approach requires a more comprehensive and personalized service system that can facilitate inter-professional collaboration (Hean and Smith 2013, 191–209). Given that Chinese society's need extends far beyond old-age care, in this paper, we use the term 'old-age services' to describe the entire system that provides various services to the older population.

Existing studies have revealed the multiple facets and complexity of old-age services. For example, an old-age service system can involve multiple policy areas, such as buildings and infrastructure, services for care, housing, information and communication platforms, community health services, citizens' participation and employment, assessment of respect and social inclusiveness, and so on (UK Urban Ageing Consortium 2014). The operation of an old-age service system requires inter-professional and departmental collaboration (Green 2013; Plouffe and Kalache 2011; Steels 2015), which requires collaboration and participation with multiple stakeholders, such as service providers, non-government organizations (NGOs), private businesses, caregivers, and other members of civil society. The system usually includes formal and organized services, as well as informal forms of delivery (Everingham et al. 2009).

Older people are not only users of services, but may also contribute to the formation and development of the service system (Sandhu et al. 2006; McLeod et al. 2008). Therefore, it is necessary to involve older people in the construction of a new system and have their voices represented (Lui et al. 2009). In a country with multiple levels of government, old-age services also involve these multiple levels, which need to consider the role of central governments and the local service network (Johansson and Borell 1999). Further, the relationship between funding and responsibilities at the corresponding levels of delivery needs to be considered (Kröger 2011).

Older people, especially the frail elderly, have to cope with physical constraints when they participate in social activities (Le Bihan and Martin 2006). Thus, they can only take advantage of resources and opportunities for social participation when appropriate access is available. This means that there needs to be infrastructure or human support to facilitate connectivity (Gilroy 2008; Buffel and Phillipson 2012). However, the definition of service radius can be different for different services. Moreover, there is geographical variation in access to care, which leads to different needs across regions (van Campen and van Gasteren 2005). This means that old-age services can also be complex in spatial terms.

In addition, older people's social needs change over time. Old-age services have expanded from old-age care to using services that prolong independent living and lead to an active old age (Lui et al. 2009; Phillipson 2011; Fitzgerald and Caro 2014). Older people's varied needs cannot be satisfied by the older style of government provision of social services. There is growing demand in China for more local, personalized, and home-based services (Johansson et al. 2003; Feng et al. 2012).

Facing such complexity, the governance of old-age services becomes particularly relevant. The system must mobilize multiple sources of funding and stakeholder participation and reflect the needs of the older population. It must consider the spatial and temporal effectiveness of various services, and how to achieve the desired outcomes. The WHO (2014) stated a basic principle—that one single government agency, organization, or industry cannot assume all the responsibilities of developing a society that is friendly to older people. This can only be achieved via integrated planning and service provision (WHO 2014). This confirms the situation in China—that the old-fashioned state social service system can barely cope, and the state realized that it had to handle the pressure differently (Hsu and Hasmath 2014). However, it remains unclear whether the new multiple stakeholder networks can deliver and sustain the desired outcomes. Thus, in this report, we examine how the old system has coped with the shock and responded to the changes. We also seek to determine whether the local system is in the process of becoming more stabilized.

Existing Studies on Network Evolution and Transition

China's reform of its social service delivery system demands a closer look at whether the new system is able to last. Internationally, there is some experience in other countries showing that introducing NGOs as service deliverers does not always work (Kim 2015). The viability of NGO service delivery has often been analyzed from the perspective of the state–NGO relationship—that is, when the state in a weak civil society plays a larger role (Jing and Besharov 2014; Hewitt 1998) or vice versa (Aldrich 2016). Following this logic, big society often come together with small government (Boychuk 2007), especially during times of austerity, when small government becomes a more appealing solution (Lowndes and Pratchett 2012). Based on this, it would be logical to conclude that, in China, the reform to contract out social services to NGOs and other civil society organizations is bound to fail, as the Chinese government imposes strong leadership. However, this line of argument does not take into account the governance of the state–civil society relationship. In addition, it takes a binary and often oppositional view on the state and civil society, which does not explain the much more complicated relationship between multiple actors.

Therefore, we argue that it is more relevant to perceive the social service delivery system as a 'network' that indicates a cluster of nodes that are linked with each other, either formally or informally, to deliver certain outcomes. Therefore, introducing new actors to a service delivery system is like shifting from an existing network to a new one. It is difficult to determine whether the shift will be successful, as such a shift takes time. However, by examining the process of transition, we may generate some insights into the more complicated relationship between the state and other actors who are members of the network, and capture the barriers that may prevent a successful network shift. By 'successful', we refer to the attainment of a relatively stable network that may last in the future, unless challenged by new external factors.

Examining the formation and evolution of a network requires us to adopt a lifecycle approach. Mays et al. (1998) categorized the network lifecycle into six stages: expansion, maintenance, formalization, migration, ongoing evaluation, and termination. Weiner et al.'s (2000) 'lifecycle model' has four phases: emergence, transition, maturity, and critical crossroads. Swann and Morgan (1992) introduced three stages of network development:

forming, storming, and norming. Forming is the initial stage, which involves ‘cooperation’ and efforts to share (Swann and Morgan 1992, 41). The storming or coordination stage is prone to conflict, as members attempt to reach a consensus and identify tasks and roles. During the norming stage, collaboration is achieved as members have higher morale and greater trust, and are open to each other. Each of these models assumes that the network follows a process of development.

The study of network transition is different to network evolution, as the former does not consider the lifecycle of a given network. Network transition refers to the process of a shift from one network to another. There are scant theoretical discussions about network transitions per se, apart from a small number of studies in business management literature (e.g. Madhavan et al. 1998, on the reshaping of interfirm relationships by industry events; Huixia and Lingwei 2011). However, there are some discussions on the relationships between new actors and existing network members. Introducing new actors may shock the system and lead to the formation of a new network. It may change the structure of the existing network and result in functional changes, such as new members, resources, and services being introduced. The old network members adapt their behavior shift from one stabilized stage to the next (Rhodes 2007). New members joining a network often creates new network goals (hans Klijn 1996); however, it is not guaranteed that these new goals can be achieved. For example, if the existing members are not supportive of the new members, a stable network may not be achieved. This can materialize via three scenarios: (i) The new members are excluded from the decision-making process by the existing ones, and existing members tend to collude to make decisions that are biased against the newcomers. As a result, the effective network is not very different from its earlier state. (ii) Some existing network members are excluded, and the new members work together with the non-excluded members; however, the goals of the network have changed. (iii) It is impossible for the new and old members to work together, which leads to a crisis in the network and may even lead to the breakdown of the entire network. Provan and Kenis (2008) argued that, when there is a network shift, it is more likely to change from an informal to a more formal arrangement. However, if a network has become an administrative organization, deformalizing it would be difficult.

Networks can be formed via top-down or bottom-up forces (Provan and Lemaire 2012). Top-down networks are formed through government-controlled funding to incentivize network participants, such as the situation with service procurement. This type of network is suitable when the network participants have a weak ability to self-organize. It takes this network a longer time to cultivate the ability to coordinate. Therefore, the fund holders need to give the network members space and time to build network trust and commitment. In contrast, when a network is formed through bottom-up initiatives, it must justify its need to exist. It also takes time to form a stable network.

Methodology for This Project

How to analyze network transition

Network transition can be analyzed in different ways. As discussed earlier, network transition is about the process of Network A shifting to Network C. Supposedly, Network A is the initial state of the network, while Network C is the desired stable network. At this point in our research, the network may or may not have reached Network C—it may be at point B at a given time. Thus, understanding network transition involves an effort to understand the relationship between Networks A and B, and B and C, as follows: (i) In

what ways is Network B different to Network A? (ii) In what ways is Network B different to Network C? (iii) Is Network B moving steadily towards Network C? What are the remaining barriers for Network B to reach Network C?

Network transition is an ongoing process. Thus, we need to study a network at different time points to capture its dynamics. To be realistic, for the purposes of this research, we visited each location once and studied the status of each network at that time in the research. As our fieldwork was undertaken via in-depth interviews and focus group discussions, we captured the issues at an earlier stage of reform. After all, the reform was introduced not long ago. To produce research for a longer time span, we would need to undertake follow-up research in the future. To capture local varieties, we also undertook comparative analyses of communities in different cities.

The reform was piloted in multiple locations, which offered a good opportunity to undertake comparative studies. In the past, the social service system in China was designed so that it offered a similar structure throughout the country's urban neighborhoods. The past service delivery structure was a bureaucratic system that had a large base with many local bureaucratic networks.¹ This relatively unified system makes the study of China particularly informative, as we could determine the system variations in the older system, which significantly helped simplify the analyses.

How to assess network stability

As discussed earlier, the purpose of this research was to assess whether the old-age service network in transition has stabilized and whether it can be sustained. A stable network in this research refers to the crucial features of the network remaining unchanged or at least being accepted by its members. Provan and Kenis (2008) argued that defining the nature of a network requires it to be examined in terms of four characteristics: (i) trust, (ii) scale, (iii) goal congruity, and (iv) the necessity to use the network to deliver tasks. They also used these features to determine different models of network governance. These are intuitive features that demonstrate the interdependence between network members.

Provan and Kenis (2008) proposed three types of network governance and argued that they may shift from one type to another, but in a certain direction. The first type is a participant-governed network, in which members of a network can assume joint responsibilities to govern it. The second is a lead organization-governed network, in which one core member is responsible for leading it. All network activities and main decisions are made by the core member. The third is a network administrative organization, which is governed by a relatively independent management organization, such as a professional manager who does not work for any of the members.

Provan and Kenis (2008) applied their four network characteristics to the three network types, and established the features of each type. They argued that a participant-governed network has a higher level of trust among its members. It usually has a smaller number of members and a higher degree of goal congruousness, and can perform well when the tasks do not demand strong management capacity. Such a network has stronger internal legitimacy; however, its external legitimacy can be challenged. This type of network is flexible and more adaptable to changes. It is very suitable for performing individual rather than long-term stable tasks.

¹ In this paper, we treat the bureaucratic system as a type of formal network. This is because old-age services, although limited in the past, always needed inter-professional or inter-sectoral collaboration. In this sense, if we examine these services at the local level, they are an extreme form of a formal network that is governed by a professional body (the higher authorities).

In contrast, a lead organization–governed network has lower trust between network participants. The number of network participants is not very large; however, there is a lower level of goal congruence. When the requirement for network coordination is not very demanding, this type of network can function effectively. It has stronger legitimacy, both internally and externally, and decision making is more effective and stable.

Finally, a network administrative organization has strong goal congruence. There are larger numbers of members than in the other two types, and this type of network requires a stronger capacity to run. This type of arrangement is more attractive when the organization faces legitimacy challenges externally. The efficiency of decision making is also better than in the co-governed networks. At the same time, it is more formal and stable.

Provan and Kenis's (2008) categorization sheds light on the stability of networks. To examine network transition, we argue that the 'scale' of a network should not be used as an indicator of network stability. At most, it is an indicator of the difficulties encountered by the network in seeking to maintain stability. Therefore, it should be treated as a 'risk' factor. This line of theoretical development has several insights. Networks can be formal or informal. Informal networks may evolve and become more formalized over time; however, it is difficult for a formal network to be deformalized. Both top-down and bottom-up networks need time to stabilize. A successful network transition can only be accomplished when the new network is stabilized—that is, when the tasks it seeks to accomplish require network efforts, and there is a common goal and trust among the network members.

The Sub-research questions for analyzing old-age services in China

Following this logic, this research examines network transition based on aspects of the old-age service reform in China. The following areas are considered:

- the changing core members of old-age service in China—this part of the analysis will examine who were the core members of China's old-age service during different historical periods
- the state of the network in terms of membership, goal congruence, and trust, as well as whether the new tasks really demand network actions ('network-ness')—this part of the analysis will allow us to determine whether a new network has been established
- the outcomes of the network, whether there has been improvement in old-age services, and whether the services are sustainable

Data collection and methods of analysis

This research is based on our fieldwork in Shanghai, Hangzhou in Zhejiang Province, Chengdu in Sichuan Province, Guiyang in Guizhou Province, Haicang in Fujian Province, and Taicang in Jiangsu Province. The data were collected during August 2014 and May 2016. The data used in this paper came from the following sources:

- **Historical documents and official statistics:** This type of information helped us trace the history of policy networks and enabled a better understanding of their status quo. To attain a broader picture at the national level, we used the CHARLS survey to perform background analyses. These data were analyzed by members of

our research team. We also used second-hand data reported in the national-level survey reports undertaken by government think tanks and relevant ministry research offices. The sources of these data are cited in full when used in this paper.

- **First-hand data:** We conducted interviews and focus group discussions with the commissioners of services for older people, including the Civil Affairs Office, Office of Ageing Affairs, and service provision organizations, including publicly- and privately-funded care homes and day centers, community service platforms, community managers, NGOs, and volunteers. The interview schedules focused on finance, service delivery, and governance. We raised questions about network setup, stakeholder relationships (trust and agreement regarding the goals of the network), co-ordination, and network outcomes. During this fieldwork, we used mobile telephones, laptops, and notebooks to take notes. In most cases, we also kept a digital recording of the sessions. As all researchers could speak Chinese, we did not transcribe the data. The recording was used as a back-up to check missing details in the interviewers' notes.
- **Network mapping:** For the analyses, we performed network mapping based on the stages of reform, and examined the changes in the networks over time. The mapping was undertaken at the community level. In this manner, we were able to identify what had changed over time. We used the interviews to analyze the stakeholder relationship and assess the goal congruence, model of governance, and 'network-ness' of the networks.

Limitations of this research

The limitations of this research should be given due attention. The practice of NGOs providing services to older people in China is still at an early stage. The fieldwork was conducted in cities that piloted the reform, which meant that they were ahead of other parts of the country in terms of adopting it; thus, the local governments were more committed to the reform. As a result, they were more open to suggestions and interactions with other members of the network. In this sense, the political will to implement the reform was not an issue, as in many other contexts.

However, as this research did not aim to provide a comprehensive assessment of old-age services across the country, but rather to understand the process of transition, we did not consider it inappropriate to only study the pilot cities. Instead, the focus was on the effects of SOs' involvement on the existing service networks. Gathering information in cities with an active service network meant that we could investigate a wider range of services and contact a larger number of network participants. Of course, we fully acknowledge that further research will be needed to enable a more representative sample once there is a national rollout of the services.

Research Findings

A brief history of network transition

Policies relating to older people's services in China have travelled a long way during the last three decades—from limited recognition of the ageing population in the 1980s, to a focus on older people's rights in the 1990s, to a deeper understanding of the relationships between population ageing and social services in the 2000s, to the formal inclusion of the ageing population as a vitally important issue in the government agenda in 2015. These

policy changes are closely linked to the development of the social security system and adjustment to government functions in China. Meanwhile, the development of older people's services can also be regarded a result of constant gaming between the government and market, and between the government and society to achieve equilibrium in resource allocation.

In the following sections, we discuss the path of changes in China's networks for old-age care. We observe the changes at the level of an urban community, which is also used by the local government as a basic unit of administration. It is important to note that there have also been several changes in the unit of governance. However, in this report, we try to examine the grassroots level of governance. This means that our research is at the intersection between public administration and self-governance. Usually, older individuals would have one public service provider in this community. However, individuals can have multiple providers to choose from in the private sector. The purpose of this section is to review the history of changes, while also providing an overview of the stakeholders in these networks.

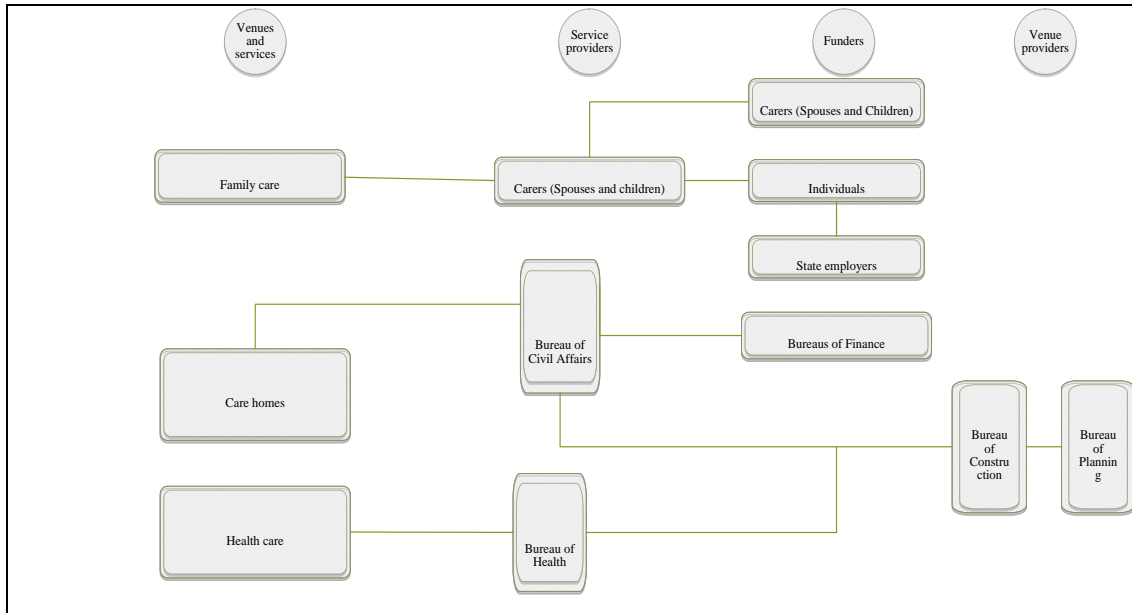
Combining family care and state support

In 1954, the first edition of the Constitution of the People's Republic of China stipulated that sick and disabled older people were entitled to receive financial support from the state and society. The main responsibilities of the state were to provide social security to retired people and implement the retirement system concerning state-owned enterprises, public institutions, and government organizations. The state provided subsistence to retired workers; however, for older people in general, family members were supposed to be the main providers of care. It was required that children should fulfil their duty of filial piety and not abuse their parents. After 1958, the traditional functions of family were widely criticized, and the people's commune system started to take charge in both rural and urban areas. It was believed that women should not necessarily be the only care provider in the family. In addition, the work achievements of the members of the people's commune were individually recorded (rather than pooled together), managed, and reallocated by the head of the family. This system was considered a major breakthrough from the traditional family model (Luo 1959), which resulted in mass production, collectivization of social life, and socialization of family work (Liu 2006). Even though this system continued to emphasize that children should care for their parents, it was different to the traditional model of care provision. Since older people received a pension from their employers, they were largely economically independent. From the perspective of older people's care, the state employers (also known as work units) provided various types of welfare services, such as health checks and healthcare. However, personal and domestic care was mainly the responsibility of children.

The socialization of old-age care was very limited, and services were targeted at those who could not take care of themselves and had no children or relatives to care for them. The system in rural areas was further limited, targeting those older people who faced the 'Three No's' (no children, no income, and no relatives). By 1964, there were 700 care homes across the country serving 79,000 'Three No's' older people (Pei 2004). However, due to difficulties in management and lack of funding, this system stopped providing services after some time in many regions (Liu 2006). Therefore, in the planning economy era, service provision by society was limited, and family members were the main providers of care. After the collapse of people's communes and the implementation of economic reforms, many state-owned enterprises were either privatized or went bankrupt. Social services and the social security system in rural areas were weakened due to the

shrinking of the collective economy. In this period, social welfare institutions for older people did not change significantly. Bian et al. (1998) observed that, at the beginning of the 1990s, the old-age care model continued to heavily hinge upon family care in stark contrast to other areas of society, where the values of traditional society were seriously eroded. Their research suggested that the traditional family care model had been strengthened, rather than weakened, through intergenerational living arrangements.

Figure 2 Old-age care service network before marketization



Source: Authors' creation

Old-age care service network as a response to state enterprise reform

In the 1990s, the Chinese economy became more market-oriented and globalized, resulting in further changes to the family and social structure in urban areas, as observed in several aspects. First, younger generations had a reduced ability to care for their older parents, especially as people became more mobile. As urbanization and rural-urban migration intensified, the scale of housing demolition and relocation, and number of people seeking education and employment opportunities outside their hometowns increased. As a result, the number of older people not living with their children increased. Even for adults living with their parents, the younger generations' capacity to care for their parents declined due to increased work pressure and long working hours.

Second, the average household size decreased from 4.41 in 1982 to 3.96 in 1990, and then to 3.44 in 2000. This was partly caused by the one-child policy, which drove down the fertility rates of young couples and consequently reduced the size of the extended family. It was also related to changing habits in people's living arrangements. As a result of improved housing conditions, an increasing number of young couples chose not to live with their parents, and nuclear families became increasingly common.

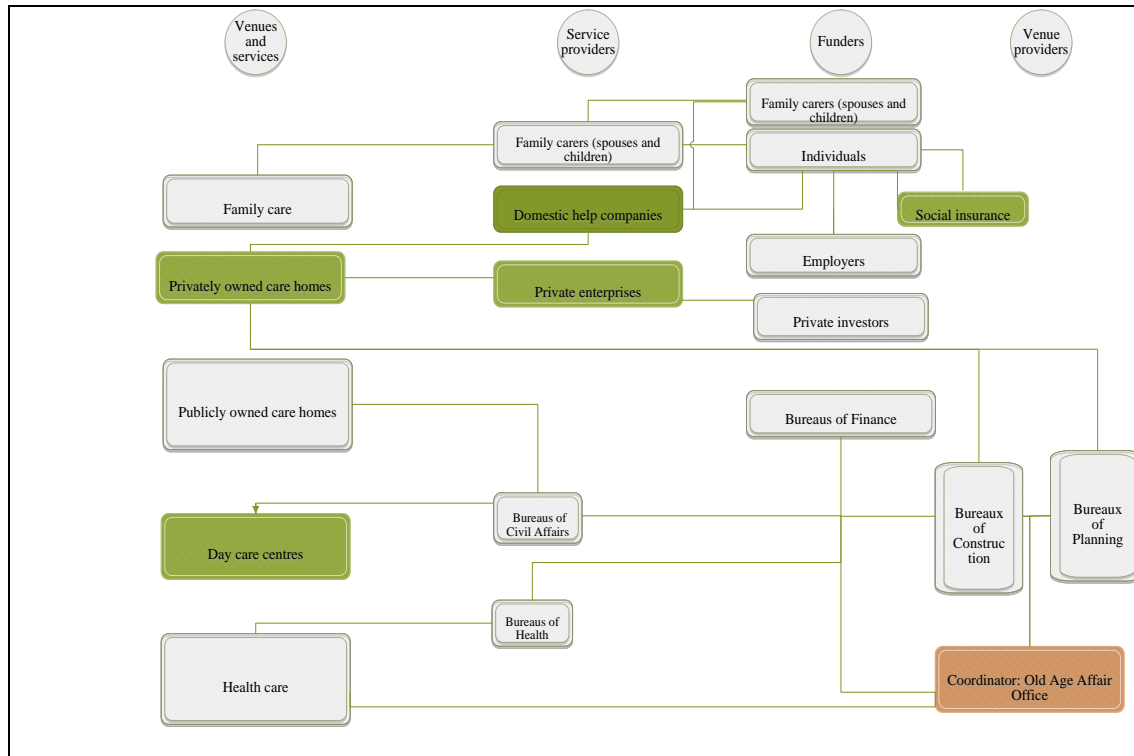
Third, the sense of community was eliminated. In the past, housing resources were distributed by state employers, and employees working for the same employer were geographically connected through this housing allocation institution. This was especially the case for large state enterprises, where employee residences were often densely concentrated in certain areas or communities. In this case, widowed or single older people could receive help from an acquaintance network or from people from the same sub-

district or state employer. However, following the privatization of housing resources, people's mobility increased, and the unitization of housing properties reduced the frequency of social contact among neighbors. At the same time, the mobility of the labor force continued to rise. This meant that social relationships among neighbors were no longer based on employment and long-term residence. As a result, a society that used to function through acquaintances was seriously undermined from multiple dimensions, and the sense of community formed under the state employer system started to break down. These changes posed a challenge to the traditional caring model, which relied heavily on the informal help provided by family members and neighbors. Further, from the perspective of income, many enterprises (especially those that could not make a profit) struggled to pay their employees' pensions. This was due to the high mobility of employees, the increase in the number of retired employees, and enterprises going bankrupt and laying off employees.

The green boxes in Figure 3 highlight the changes caused by the reform in this period, which are discussed as follows. The Chinese government built a social security system, a financing mechanism to accumulate pensions to protect people against the risks associated with old age. However, the social security system only partially helped solve the problem of financing old-age expenditure. The services that money could buy still heavily relied on the care provided by adult children and family members. The Marriage Law stipulated that adult children had the duty of providing financial support to their parents. If the children ignored this duty, any parents who were unable to work or had difficulties in their lives had the right to request financial support from their children. Meanwhile, the government gradually built the social insurance and minimum living allowance schemes, which incorporated individuals, enterprises, and the state into the social security financing system for older people. In 2011, the social security system for older people in urban areas was extended to rural-urban migrants and informal employees. Even though there was not yet a unified social security system for older people, the payment and entitlement systems among different groups of users were becoming more integrated. The combination of resident and enterprise endowment insurance facilitated the formation of an endowment system funded by multiple sources. Of course, the Chinese government was still tweaking the system, and its implementation encountered considerable difficulties (Li 2014). Further, due to the problem of 'empty pension accounts', the pension funds had been in serious debt for years.

Second, the types of care became diversified from the 1990s. The *Rights Protection Law for Older People of the People's Republic of China* was enacted in October 1996. For the first time, this law proposed to gradually build service facilities and networks to meet the needs of older people and help them recover from diseases. A specific target was set in the Tenth Five-Year Outline Regarding the Development of Older People's Affairs: 'There should be 10 care home beds for every thousand older people, and care home services were to be provided in 90% of the rural towns and villages. The aim was to construct a community-based older people's care system that provided comprehensive and multi-layered services with an effective monitoring mechanism and high-quality workforce for older people's services' (State Council 2001).

Figure 3 Old-age care network to cope with the consequences of state enterprise reform



Source: Authors' creation

Even during the central planning period, the old-age service system in China was not a hierarchical system in the strict sense, as the tasks to be fulfilled unavoidably required multiple stakeholders' collaboration and horizontal coordination. Therefore, the Chinese government system had been portrayed as a matrix (Lieberthal and Burns 1996; Liu et al. 2015). In this system, the local governments were part of the bargaining process rather than being followers of higher-level commands (Zhong 2003, 2015). However, they did respond to incentives introduced at the higher level (Li 2015). Due to their complexity, old-age services have always been the product of multiple government agencies' bargaining. As shown in Figure 3, several government departments were needed to approve each project, and even more when private services were introduced. This is why a coordinating agency—the Old Age Affairs Commission (*'Laolingwei'*, or Older People's Association, *'Laonian Xiehui'*)—was introduced in 1999. The members came from 32 government ministries and offices, and the purpose was to plan and coordinate policy implementation related to older people's affairs. The commission also had local branches (the Old Age Affairs Office), which functioned in a similar manner to the commission at the central level.

Although there was no significant change to the service system in this period, it was observed that some urban communities started to bring female carers in groups from rural villages to cities to complete paid housework in the Jiangsu and Zhejiang provinces (Oxfam, 2014). As the number of rural-urban migrants continued to increase, a private housework market came into existence. The average level of wages for migrants was much lower than that in the cities during this period, and workers were paid hourly or monthly. They not only helped older people with their housework, but also relieved the working adults of their caring responsibilities, which filled the gap in older people's services. By the mid-1990s, paid housework had spread across the country.

Combining the government, family, and market in the caring system (2000–2010)

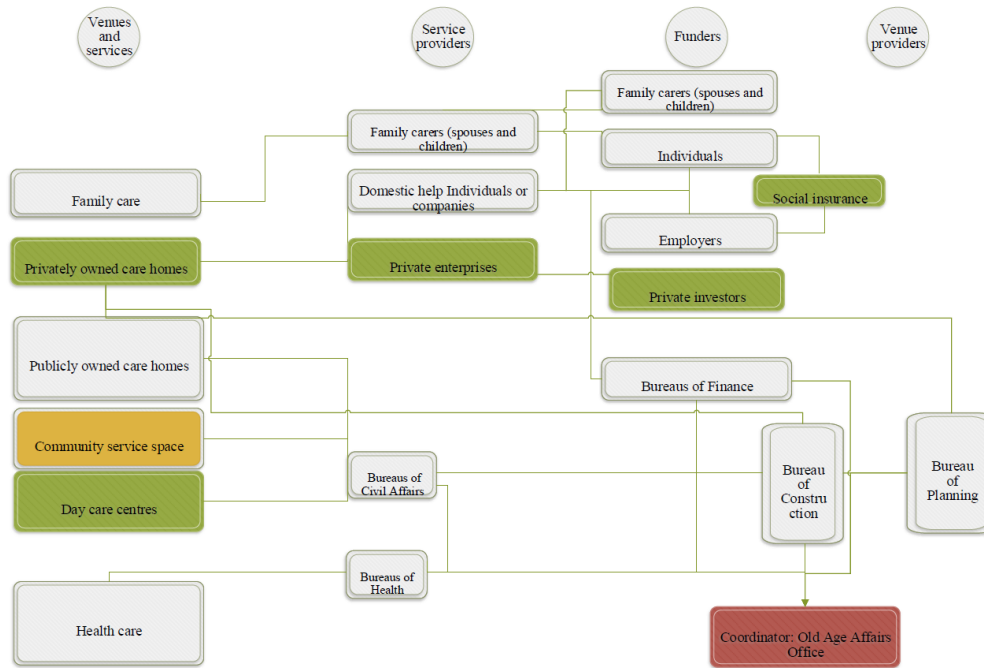
After 2000, the average household size continued to decline, reaching 3.1 in 2010. This resulted in an increased responsibility to care for older people in the family. After the institutional barriers that separated the labor markets were removed, it became more common for older people to live far away from their adult children (Li and Hyun 2013). Meanwhile, as the life expectancy of older people increased, a larger number suffered from ageing-related chronic diseases, physical disability, and cognitive impairment. Adult children were not always able to care for their parents due to geographical distance and lack of expertise, even though they wished to do so. As a consequence, informal care struggled to cope, and there was mounting demand for professional and accessible care and services for older people (Zhang and Goza 2006; Hesketh et al. 2005; Flaherty et al. 2007).

In the Eleventh Five-Year Plan period, which started in 2006, more financial resources were directed to social insurance. The government proposed building the older people's service networks based on a combination of family-based care and the socialization of care. They also proposed fostering a market that sold products to older people to meet their special needs. Since 2008, home-based care has become more common in urban communities. The idea of the reform in this period was to form a home-based care service network led by the government, incorporating different social groups, in a variety of formats, and covering a wider range of services.

In its Twelfth Five-Year Plan, the government further proposed building an old-age care system based on home care, dependent on the community, and supported by care homes. They stipulated that there should be 30 care home beds per 1000 older people. National standards for care facilities at the community level were established (Wang and Xie 2013, 156–157). In 2012, the Chinese government published the *Revised Version of Older People's Rights Protection Law*, in which the basis of old-age care shifted from family support to home-based care. However, they stipulated that family members should provide care for older people. The responsibilities of the government were unclear, but it stressed that the state would 'make all-round informal care policies, encourage family members to live with or live near older people, create opportunities for older people to let them migrate with their spouse or family carers, and provide support to family carers'. From the perspective of legislation, these stipulations were all but general principles. They did not touch upon the specific responsibilities assumed by the state (Zhang 2014, 41); however, the Twelfth Five-Year Plan did establish clear policy objectives to implement.

At the community level, this period witnessed the introduction of community service space. This meant that communities not only had administrative space, but also had a service center that could be used to provide social services to residents, including older people. The space could be indoors—where daycare centers, food halls, and playrooms were located—or an open space in which older people could socialize and exercise. The corresponding services were provided by local governments or private businesses (Figure 4).

Figure 4 Old-age care service network with private market options



Source: Author's creation

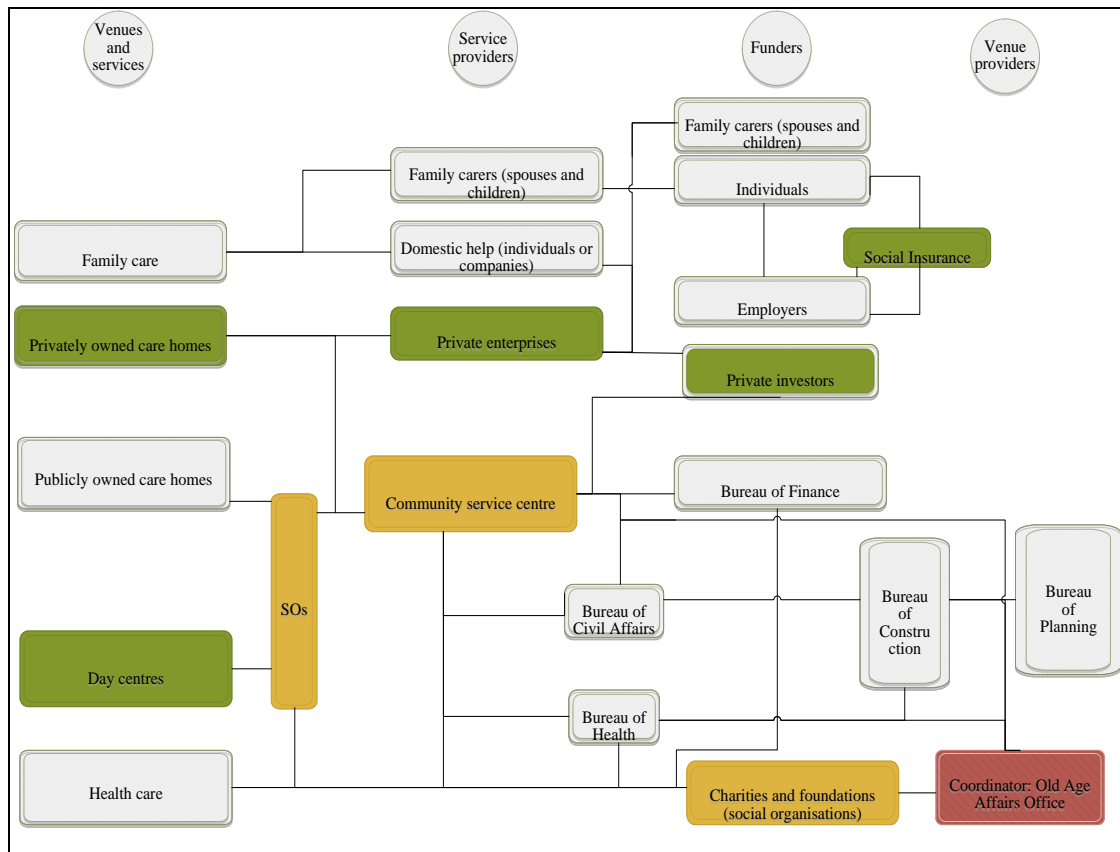
SOs as service providers in the community

From 2000, privately-funded care homes started to gain popularity. Older people, including the healthy, were attracted to the idea that they could socialize with others in care homes. In addition, a large number of enterprises went bankrupt. As a result, some older people who had just passed the retirement age and some who were much younger stopped working. They were physically healthy, but did not have much to occupy them after retirement. Private care homes identified this niche and targeted able-bodied older people. However, the disadvantages of institution-based care soon became clear. Older people found it inconvenient to live in care homes because it was not easy for their adult children to visit, and it was not as relaxing to share other facilities with other people. As a result, some able-bodied older people moved back to their own homes.

Clearly, there are gaps in the old-age service system, with the system suffering from a serious shortage of services. For example, there is a growing demand from older people dependent on long-term care and medical care and their children to have access to institutionalized care. These could be long-term, temporary, or occasional services, provided as residential or daycare services. Although family care and institution-based care are in different settings, they still belong to the same sphere of 'care', in which older people are perceived to be vulnerable and needing help. For older people who have lost the ability to lead an active life, either temporarily or permanently, this type of care is necessary. However, the spectrum of services required by older people goes far beyond care, and older people are also lacking facilities and services that are outside the care system. For example, there is demand for a new sphere of infrastructure and services, such as localized and adaptable ones, and public infrastructure that is suitable for streamlining and removing the barriers (both psychological and physical) to enable older

people to navigate their indoor and outdoor activities, public and private life, and family, kinship, and other socializing activities. Thus far, the state, market, and home-based care cannot offer sufficient alternatives. In this sense, the introduction of SOs is expected to be able to fill this gap. These organizations may not only be able to bring in new resources, but could also supplement the delivery of existing services, establish new services, and provide new infrastructure to enable service delivery.

Figure 5 Old-age care service network with SOs—the ideal model



Source: Author's creation

Figure 5 shows the ideal model of the network in the future. The most obvious change in the network structure during this period is the role of community service centers. In the past, these centers were one of the service providers in the community. After the reform, they changed into a platform to link resources, users, and service providers. At the community level, they specialized in coordinating network members. With the help of new technology, community service centers could also function as internet and call centers to enhance their 'matching' capacity. In this sense, a good community service center could become a grassroots network coordinator that reduces the difficulty of coordinating the Old Age Affairs Office's tasks. Thus, SOs could assume service delivery together with private providers. In addition, the staff members in the community service center are not only responsible to local governments, as in the past. They also report to other fund holders, such as private investors and charitable organizations, and are responsible to users. However, while this is the ideal scenario, the networks are still in transition, with communities at different stages in this transition. In the following section

of this paper, we examine the state of transition and the barriers that existing networks have to overcome to reach the ideal state.

State of Network Transition

By examining China's history, we can observe a gradual transition from a state-family care system (in which the state and families are the only fund holders and caregivers) to an increasingly diverse system of service funding and provision. As a result, compared to the old bureaucratic-style network in which all activities were formalized and contracted, there are more actors and less tight connections between the network members. However, it is difficult to determine whether earlier reforms were a success (such as the introduction of private providers), as the demand for further reform and introduction of more actors could mean that the state-market-family solution was not sufficient or sustainable. An examination of the development of the older people's services system in the six cities indicates that the objectives, characteristics, and models of networks underwent significant changes.

Goal congruency

At the time of this research, had the stakeholders reached agreement regarding the goals of the networks? The answer depends on the specific goals under discussion.

Overall support for SOs' involvement in community old-age service

There is an overall supportive attitude for the initiative to provide more services, and more diverse ones, for older people in communities. In the pre-reform era, China was characterized as a strong government, weak market, and weak society. Since the implementation of economic reforms and opening-up policies, the market economy has transformed China into a 'strong government, strong market, and weak society' model (Li 2013). In order to strengthen society building, the central government decided to help not-for-profit organizations develop, empower the third sector, and ultimately establish a system with an effective government, orderly market, and active society. Incorporating SOs into the social services system was part of this agenda. SOs are expected to perform several functions. They should mobilize resources from different sources to achieve self-governance and self-service at the community level. In this manner, SOs may help transform the functions of the government. Further, SOs may function as the agency of civil society. As a result, reformers at the central government level expect SOs to nurture civil society and improve government operation.

Our interviews indicated a strong awareness of these goals among the supply side. This was because the local governments viewed the introduction of SOs for community services as a top-driven initiative that had to be fulfilled, and training courses were provided to officials at all different levels. As discussed earlier, the neighborhoods we visited were often communities that were considered keen to outperform other communities at this stage; thus, they were generally active in promoting this concept to their staff members. Service providers were generally enthusiastic about what the government initiatives aimed to achieve and were supportive of the overall initiative to develop old-age services based in urban communities.

Service providers comprise several types, as follows: (i) some were originally government-funded service providers, such as public care homes. In the cities we visited, the government-funded care homes were changed into SOs that continued to receive funding from the local government. Their staff members used to be public servants, but were no longer part of the government system. However, the services were largely unchanged and provided long-term care for the terminally ill. Depending on whether the

government required them to be fully or partially self-sufficient, some began to operate like private businesses. In addition to serving senior civil servants, some of the facilities had also opened up to the fee-paying general public. (ii) Newly established NGOs and social enterprises were trying hard to establish their services in communities. They received some funding from communities or local governments; however, this was mostly in-kind support, such as office space, workshop space, or some cash contributions. (iii) Private sector providers were well established in the service sector, but also considered it an opportunity to be engaged with the trend of community service development. They viewed the thriving community services as having the potential to inspire demand for more of their services as well.

Competition between government employees and SO social workers

In urban neighborhoods, community resident committees (*juweihui*) were composed of government-appointed officials and social workers. Officially, these committees were introduced in the 1950s to facilitate community self-governance. Over time, they became government agencies to perform government-assigned responsibilities and were funded by the higher authorities. As a result, they were viewed as branches of the local government (Liu 2013). When some governments began to experiment with introducing social workers to improve community self-governance, staff members of resident committees perceived a threat to their authority in the community, and conflicts become unavoidable. The following issues arose as a result:

1. Community leaders wanted to turn SO social workers into their own staff members. As a community leader in Taicang reported, ‘The new social workers did a good job here. I learnt a lot from them. They also helped me to do a lot of work. However, they should become part of our organization and work for us’. The SO staff members’ intention to operate independently and work for different communities resulted in tension with community leaders. Ultimately, the community leader decided to charge higher rent in the hope of coercing the SO to become part of the resident committee.
2. Community leaders wished to compete with the SOs. In almost every community we interviewed, the same issue was raised repeatedly: what is the labor division between residential committees, the associated service centers, and the SOs? The tension was particularly strong between community center staff and SOs working to improve the community atmosphere by organizing social events. As one officer stated:

Social workers from SOs worked differently from us in the past. We agree that they had introduced better working approaches to the communities. But we also noticed that these approaches are not that difficult to learn. Our staff members have now gained good understanding of how they work. Now we can combine their approach with our own strength in local knowledge and in our ability to mobilise resources much more effectively ... Therefore, in the future, either they have to work for us, or we just train our own staff members to be social workers. As they are our own staff members, we do not need to pay extra money for extra tasks. It is more efficient for us.

In this community, there were several rooms in the community service center that were not used in the past. The community leaders agreed to spend some money to hire two professional social workers from an organization specializing in

improving community participation. As the social workers took over, they actively engaged with the residents and established self-organized social groups and workshops. A whole range of events and services were established, such as cake baking, dancing, yoga, game rooms, and meeting rooms. The community leader was initially happy to see these changes and invested money to subsidize the equipment needed for the training courses. However, she soon learnt the practices of the social workers, and subsequently wished to replace them with the existing staff members in the community. However, the two social workers considered this to be only the first step of their service. Meanwhile, the community leader had already sent her staff members to take training courses for social work. According to the social workers from the NGO, the government officials did not understand the importance of independent social work and believed they could perform these services equally well.

3. Community leaders were yet to be convinced by social workers who tried to work in the communities. As a community leader in Haicang reported:

We had worked here for many years and we understand the people here. We may not be as well educated as these youngsters [social workers sent by social work NGOs to the community], but we can speak the language of the locals—not only the local dialect, but also the cultural language. When we do interviews, we visit the interviewee's home and asked to have lunch with them. The interviewees would be happy to cook for you and we did the interview when eating their food. They would tell us everything. When the social workers do an interview, they offered to pay for the interviewee's time. The interviewee felt insulted by the offer to pay, which was not even a lot.

These comments show that the difficulties faced by some SOs need to be interpreted more carefully. They may not always involve politically charged state-society confrontations, but rather a process of renegotiating territories. It is possible that some community leaders felt that NGOs threatened their authority, or even their jobs, in the community. They responded by trying to internalize the SOs, imitate, or improve their practices. In this sense, SOs have indeed motivated the establishment to be more responsive to social needs.

Different understandings of the roles of government sponsorship

There seem to be clearly different understandings of the roles between different levels of government, and between the government and NGOs. As mentioned earlier, the purpose of the reform issued by the central government was to encourage SOs to be more involved in service delivery and contribute additional resources to the services in order to better satisfy the needs of older people. However, local governments could interpret this differently.

The government in Hangzhou focused its attention on service efficiency. It strictly controlled staffing costs, while the number of care homes kept increasing. This led to insufficient staffing, even in state-funded care homes with very good facilities. The quality of services fell short of older people's expectations; thus, the government-owned care homes had a very low occupancy rate. The largest care home in Hangzhou, which

opened in September 2014, was no exception. The No. 3 Welfare Institute had 2000 beds for older people. Before it was officially opened, more than 4000 people came to register, and the institute had to selectively choose the 2000 people to live in the facility. However, after one year, only 290 people still lived in the institute. The price was considered a main issue, with the following costs incurred for accommodation:

- nursing room (about 42 m²): 1100 yuan/month
- standard room (about 33 m², shared by two people): 1500 yuan/month
- small single room (28 m²): 2700 yuan/month
- large single room (33 m²): 3250 yuan/month
- en-suite for singles or couples: 4100 to 7500 yuan/month

This price did not include care services. The costs of care for people who could live independently were 430, 530, or 630 yuan/month, depending on the level of care needed. The costs of care for people with special needs ranged from 830 to 2230 yuan/month.

However, in cities like Hangzhou, there may have been a large number of people who could afford these prices. As reported by some people, in care homes run by private investors and NGOs, the facilities and living conditions may not have been as good, but the prices were similar. This means that there must have been other reasons for the institute's low occupancy rate. As reported by the media, older people are often worried about the quality of care workers. In most care homes, workers have not received professional job training. Further, professionally-trained care workers would not want to work in public or government-subsidized care homes, as the salaries are much lower than the market rates for private carers and childcare nurses.

Another issue raised in all communities in the cities studied was the different understandings of local governments' roles in the development of SOs. In the state-SO partnership structure, the government contributed in kind, such as by providing venues, and in cash, such as by providing initial start-up grants and annual cash input. Staff costs were rarely paid by the government. Even when the government purchased services directly from non-profit organizations, it paid the minimum wage to the staff members, which was much lower than the wage paid to the professionals working for privately-funded organizations.

The government officials interviewed considered this partial funding model an incentive mechanism, as they did not wish SOs to become dependent on the government for too long. The purpose of the support was to help SOs begin their businesses, and they were expected to graduate out of this stage and become independent. Therefore, even at the early stage, the government adopted an incentive strategy by not fully funding the services. To receive government funds, SOs were expected to seek alternative funds to match the government support. However, many SOs had a very different understanding. They perceived their services to be beneficial to society and expected the government to be their main source of finance. Therefore, we heard repeated complaints about the shortage of government funding. Even internationally, it is known that state-supported NGOs often face the challenges of insufficient funding (Antrobus 1987). However, in the context in China, the debate was about the perceptions of the state-NGO-market relationship. The government provided funding with the idea of establishing a mixed welfare system, in which the state was only a partial funding provider, whereas the SOs wished to become contractors of fully-funded government services.

The misunderstanding between the government and SOs was raised when we conducted a focus group with district officials and SOs. One SO wished to establish an activity center in a community. The community provided a room, yet the SO leader needed another 100,000 yuan to refurbish and furnish it. The government was reluctant to provide these funds; thus, the project did not move forward for a while. The manager of the SO was frustrated about the perceived lack of sincerity from the local government. However, the government officials involved believed that 100,000 yuan would be a lot of support, and the SO should be able to obtain extra resources or provide fee-based services to ‘earn’ their way. However, as we observed in quite a few community-based services run by SOs, they would rather wait for the government to provide funding than provide fee-based services, as they considered themselves non-profit organizations. This was a sign of a frequent misunderstanding about the meaning of ‘non-profit’. Even in Shanghai, where SOs are highly active, our interviews showed that, even though some SOs were under huge financial pressure, they still cherished the idea that the government might change its mind in the future. For this reason, they generally had a ‘wait and see’ attitude, which prevented them from seizing other opportunities.

There are also debates about this issue in academic circles. One line of argument suggests that the state should provide full funding, especially if the government was the original provider of a project. This argument is based on the fact that the government continues to collect tax. Withdrawing from social services means that the government should spend at least the same amount of revenue on the services provided by NGOs (Xiong 2014). As noted in our research from multiple cities, it would not be realistic to ask the government to provide full funding for all SOs, simply because there are many new services and organizations that did not exist in the past. Moreover, if SOs are all funded by the state, they would be unavoidably constrained by government budgeting exercises, which is likely to further deprive SOs of their autonomy. The government’s intention to use seed funds to leverage private and charity funds is a more viable practice in the longer term. However, greater efforts need to be devoted to providing more structured training and better communication with SOs in the early stage of the funding cycle—it is important to help them establish appropriate expectations.

Trust

Despite the initial enthusiasm for SOs to offer old-age care services, the lack of trust between various stakeholders arose as an issue that will require time to overcome.

Lack of trust between government officials and NGOs

Despite the overall support for the goal to improve services, not all stakeholders shared the same goals in their daily operation or for each project. For example, superficially, the local governments could relinquish responsibility as they contracted out service delivery. However, this meant goal and role changes. In the past, local officials did not have to distribute money to SOs—they simply allocated funds to other government agencies according to the budget, which was a relatively simple task. Now the government officials, who were inexperienced in working with SOs, were required to behave like venture capitalists. They had to select projects operated by people with whom they had not previously worked. In addition, they were held accountable to their managers to perform well—in this case, ensuring that the SOs they had supported or contracted would deliver better outcomes than in the past. Thus, they were keen to avoid being perceived as bad decision makers.

As our study revealed, after distributing the funds, the officials became restless. They began to worry whether the SOs would deliver what they had promised. As a result, some officials strove to keep SOs

' activities under their control. For example, in Guiyang, one community leader visited the social entrepreneurs every day and questioned the ones she supported about why they spent so much time in the office, rather than visiting their prospective customers. In another case, the official interviewed said:

I had never worked with NGOs in the past. The higher up [Shangbian] gave so much money to us and we had to spend them. But there were not many people that I could trust to give the money to. After giving eight million to [A], I have to make sure that we can see some results. Otherwise ... the government is now operating heavily in anti-corruption campaign. I do not want to be viewed suspiciously by others.

In Taicang, the local government created strict rules for the NGOs—particularly those operated by people from outside the province, and those offering new services to claim the costs after they had delivered services. To do this, the NGOs had to provide detailed financial reports daily. In a fiery exchange between an NGO leader and a local official during our interview, the NGO leader complained:

We indeed received money from you, but I have to hire an extra staff member to write up what we have done every day and collect all the receipts every day in order to get the money. It is time consuming and suffocating ... You request us to report everything and show the results. However, not all the impacts of our activities can be observed directly in a short time and some are not even measurable. For example, our work made older people a lot more active and happier in the community. But on your accounting system, we only organized an event, which can be organized by any private event masters more cheaply, as some of your staff suggested. But the purpose of our event is different. The improved community atmosphere is not counted in your reporting system.

Our findings challenge some of the existing literature that has used the resistance framework to analyze the relationship between the state and NGOs (Spires 2016). These studies perceive the local governments as tools by the Communist Party to control non-government activities and prevent the development of civil society. This theory was good at predicting the behavior of previous state-NGO relationships, as NGOs were indeed considered troublemakers by the regime and were placed under tight control (Stern and O'Brien 2012). Further, this theory may still be useful in explaining the relationship in some contexts, such as in regard to workers' rights (He and Huang 2015). However, in the field of old-age services, the relationship between the state and civil society has been transformed in several ways, as follows:

- Local government officials are entrepreneurs (as some observers accurately depicted)—the introduction of SOs has turned local officials into venture capitalists, which means that they are fund holders who select projects or

organizations in which to invest, and expect to receive returns in either social and economic terms.

- NGOs are not viewed as activists who try to change the system, but as potential supplements to government services. SOs are often portrayed as a way for local governments to distance themselves from service provision. It is also important to highlight that contracting suitable projects to SOs can help enhance the legitimacy of the government, rather than undermining it. In this sense, local governments have an interest in nurturing such organizations.

In this sense, the control that the government retains over SOs could be a matter of transition and establishing trust in the process of transition, rather than deliberate sabotage of the NGOs' work. The experience with some NGOs in Haicang in Xiamen City evidences this relationship. Some NGOs found it difficult to attract customers; thus, after they had received funding from the local Bureau of Civil Affairs, the official in charge used his network to help his NGOs gain access to customers. As a result, the higher officials viewed his record favorably, and the NGOs were more easily able to attain success. This is a sign that local officials do have motivations to support NGOs. However, at the individual level, some local officials are not as entrepreneurial, and have resorted to financial control or inspection to direct, rather than facilitate. This type of control should be differentiated from the political control that earlier research has indicated.

Lack of trust between users and SOs

Users do not trust SOs' services—the legacy of the 'strong government, strong market, and weak society' is difficult to change quickly. In the past, when social services were prescribed by the government, people did not have great expectations of what they could gain from these services; however, they did have high expectations of the quality of services on offer. This was partly because the old-age care services provided by the public sector targeted urban elites, providing services to which higher ranking government officials or military retirees were entitled. For ordinary people, staying at home was the only option. When local residents were invited to community-based facilities—which appeared to be less formal, smaller, cheaper to access, and without a track record for good services—prospective users were reluctant to access the services, especially if the targeted users were older people. As a result, initially, new SOs found it difficult to attract customers, even with the government subsidies. This was particularly problematic for domestic services (Huang et al. 2007).

Another trust issue was raised by community leaders in resettlement communities, where residents were mostly older people from rural areas. These older people did not have experience living in urban communities and were less well-educated than the urban older people. Social workers from NGOs were often young university graduates who were equipped with theories and jargon, or trained in other provinces where the local culture was different. These social workers found it particularly difficult to gain the trust of ex-farmers, who guarded themselves against people from outside the community. They were not keen on being cared for by these young people whose language was not practical or humble, who had different accents, who shared few life experiences, and who were sometimes overly sympathetic.

This does not mean that the relationship between different parties in the network will remain unchanged. The activity-based SOs and day centers are becoming more experienced in providing services, and many older people using community-based services have increased trust in these professional services for older people, as well as

increased demand for the more specialized services provided by SOs. In the course of completing the fieldwork for this project, some older people using community day centers expressed their desire to move into care homes in the future.

Network tasks ('network-ness')

One important debate in network analyses is whether we can call any multiple stakeholder system a 'network'. This is why researchers are reluctant to consider a bureaucratic system a network. The 'network-ness' or tasks a service system needs to fulfil are not necessarily qualified as 'network' tasks if they involve a strict hierarchical system in which all network members work according to instructions from their headquarters. As Provan et al. (2008) suggested: '[Network] members not only recognize and accept their involvement but also work toward accomplishing both their own goals and those of the entire network'.

It is not difficult to identify some level of network-ness in China's old-age services. As discussed earlier, the community service centers and Old Age Affair Offices were coordinating the stakeholders. The biggest challenge for urban communities when trying to provide old-age services is having a workspace for them. Urban neighborhoods—especially those in central locations, with higher population density and old buildings—found it very difficult to gain planning permission to construct new buildings or acquire rooms in established communities.

Within the community network, a community service platform is coordinated and monitored by specialist agencies. Above the community level, the network is organized by the government, and jointly governed by all participants. However, every government department has its own priorities, and thus cannot devote all its resources to services for older people. The fieldwork in Shanghai indicated that it is more difficult to locate a place to provide services in the city center. Even though one department of the government is willing to approve an SO to provide services for older people, another department may have no quota of land to allocate to this organization. If the departments offload responsibilities onto each other, SOs may end up having no land resources on which to operate. There are up to 20 participants at this level of the network; Provan and Kenis (2008) stated that when the number of members in a network is greater than 20, it is very difficult to align their objectives. In this case, a dominant agency or agency specializing in governance is needed to ensure effective decision making and network stability. At the moment, in China, the Office for Ageing Affairs is in charge of coordination at the local level. However, they are neither an administrative institution nor a main service provider; thus, they are not particularly strong in negotiation.

It remains unclear whether China's old-age services' network-ness is strong enough to be sustained. There certainly have been difficulties. The director of the Old Age Affairs Office (OAAO) in a district in Shanghai stated that the office did not enjoy the same level of power in different communities, which was influenced by the governing culture of each community. Sometimes stakeholders face unnegotiable constraints. Some old-age care services in central locations needed to secure planning permission for construction. However, even if the SO secured financial support, the project could still be placed on hold because the Environment Bureau could not allocate quota for building on green space, or the residents were opposed to the service (this was particularly a problem for long-term care services for the terminally ill, as it is considered unlucky to have such a facility in the community). The OAAO officer stated:

We are the coordinator, but we do not have enforcement power. We can only try to persuade everybody. If they do not listen to us, we can do nothing. When it is about environmental constraint, nothing can be done, as it is the top priority of the central government.

Outcomes of Network Shift

As the reform has progressed, old-age services in China have witnessed significant change. Since the 1990s, the government has encouraged the expansion of care homes established by social forces. Pilot schemes for community-based care for older people were launched in 2001. Under the Starlight Program, 32,000 old-age care facilities were established at the community level over three years. These facilities provided a range of services, including home help, emergency aid, daycare, health and recovery, and sports and entertaining activities. Meanwhile, privately-funded care services for older people were also available. By 2005, there were, on average, 1.3 urban welfare facilities for older people in every sub-district, and every 9.8 resident committees had one urban welfare facility for older people across the country (Whitepaper Book of Development of Ageing Affairs in China 2006). The changes in this period reflected the Chinese government's intention to fill the gap in care demand after the collapse of the state employer system. The priority was to increase the capacity of community-based social services and shift the focus of the entire care provision system from the state employer to the market and community. However, unfortunately, the Starlight Program was considered a failure (Feng et al. 2012), as the services were beyond the reach of the majority of older people (Pei 2009).

Since 2006, the government has promoted the development of SOs as the providers of social services, and has launched a pilot scheme in 13 cities. SOs have subsequently played an active role in community-based services for older people, and have facilitated the development of the sector.

According to the Ministry of Civil Affairs, by the end of 2013:

there were in total 42,475 old age facilities and 4.9 million beds, an increase of 18.9% compared to the last year. There were 24.4 beds per thousand older people, an increase of 13.9% compared to the last year. There were 641 thousand beds in the care facilities and day care centres,² an increase of 5.5% compared to the last year.

By the end of 2014, China's total number of various types of pension services and facilities had reached 94,110, with 5.778 million beds. The number of beds per 1000 older people was 27.2—an increase of 11.5% from the previous year (Ministry of Civil Affairs 2015). Across the country, there were 2571 public institutions (or public sector organizations) serving older people, 21,000 legal aid centers, 78,000 rights protection organizations, 54,000 schools teaching 6.9 million older people, and 0.36 million elderly activity centers (Ministry of Civil Affairs 2013).

By the end of 2015, the total number of old-age care services had reached 116,000—23.4% more than the previous year. Of these, 28,000 were registered old-age care institutions and 26,000 were community-based old-age service organizations and facilities. There were 62,000 facilities offering reciprocal support, and 6.73 million beds,

² The Chinese old-age care services have several types of 'beds': hospital beds, residential home beds, community residential care beds, and daycare center beds. In daycare centers, 'beds' refer to facilities where older people can rest during the day.

among which 2.98 million were based in communities (including community care homes and daycare centers) (Ministry of Civil Affairs 2016). In addition to care services, new types of services also boomed. By the end of 2015, there were 2280 national-level old-age service NGOs, 210,000 legal aid centers for older people, 71,000 coordination organizations for protecting older people's rights, 53,000 older people's schools with 7.33 million older students, and 371,000 activity rooms (Ministry of Civil Affairs 2016).

All these figures indicate the dynamics of shift from a government provision model to a mixed one, with the market, SOs, and home care as providers, and a combination of both government and market procurement. In this process, the government stepped back from its role as a service provider, and let the SOs or private sector take over service provision. Locally, network performance varies greatly. We categorized our six examined cities in two groups to report our findings. The first group comprises Shanghai, Hangzhou, and Chengdu—cities more experienced in working with SOs, even though Hangzhou and Chengdu began this engagement later than Shanghai. The second group comprises Xiamen, Taicang, and Guiyang—cities that have started SO development relatively recently.

Shanghai, Hangzhou, and Chengdu

These three cities encountered a number of changes due to SO development, as follows. First, the government's roles changed. Networks used to be governed by the higher authorities. However, gradually, the management of service delivery was assumed by professional organizations, such as service quality monitoring bodies or community service centers. Some monitoring functions assumed by the government in the past started to be assumed by SOs, such as sectoral associations. For example, since 2003, the Shanghai Social Welfare Association has managed its association members. Members were expected to produce self-regulating rules and be evaluated by the association. Of course, the government continued to manage areas such as making long-term plans, formulating policies and standards, and approving applications.

Second, the government clearly stood back from service provision, and became service procurers. A variety of partnership models emerged, such as 'public building and private/SO operating' (*'gongjian minying'*), 'public-subsidizing and private/SO operating' (*'gongzhu minying'*), assignment of lease, private/SO–public partnership, co-investment, and entrusted operation. In these models, SOs and private businesses provided services to users.

Third, the government was no longer the sole fund holder. The partnerships mentioned earlier reflected the diversification of funding sources. Old-age services could be funded by the lottery fund, charity donations, private investment, and in-kind contributions (such as volunteer services).

Fourth, the service coverage of the networks varied by services, and new services were often better targeted. The government service volume and coverage were set according to the size or density of the population. The government defined the administrative boundary of a community and stipulated the types of services for every 10,000 people. This planning model created a set of standardized and uniformed services. For this model to operate, there is a condition—services must reach users economically and effectively. If this is true, the government could provide the same services within each catchment area. However, SOs were different to the government. They would rarely be as large as the government system and, as smaller businesses, needed a sufficient catchment area that could be different to the administration-defined government catchment area.

A case in point is the community canteen. At first, it was fairly challenging for one organization to deliver meals to the same group of older people in a certain community. To ensure that the menu was not too repetitive, the canteen had to change its menu every day of the week, and rotate the menus each week. At the beginning, older people were happy with the services; however, they soon tired of the same rotations and asked the canteen to change their menus more frequently. Why do people rarely complain about the repetitiveness of dishes sold in the market, but complain about the canteens? The difference is that the service users went to the same canteen every day, whereas restaurant customers can choose from different restaurants. Canteen users had no choice but to access one service provider, and thus asked it to diversify its services. This posed a challenge to this SO, whose users were a fixed group of people. This issue also arose among the scheduled activities for older people in day centers. Day centers in communities were popular at the beginning, but lost customers over time, even if the service quality remained the same. Some services even became unused. However, from the service providers' perspective, providing standardized services had lower requirements for staff training and facilities, which reduced costs. Diversified services were not only more expensive, but also more difficult to operate and manage.

In the face of these challenges, two solutions emerged in the communities we researched. The first was to expand the service coverage through inter-community cooperation. For example, meal services were jointly provided by several communities within the same sub-district. In Shanghai, older people were given vouchers, so they could go to different canteens in the sub-district. In this case, even though the canteens did not change their menus frequently, older people were still able to enjoy varied menus by visiting different canteens. Similarly, older people in Chengdu were entitled to participate in activities in a day center located in another community. Such arrangements also helped make better use of community space. Service providers that joined their operations were usually branches of the same SO, and redrawing the boundary improved the economy of scale. Service providers not affiliated with the same SOs might not be willing to cooperate with each other because joint operation also meant the risk of losing customers through competition. Further, this also made funding allocation by the government more complicated, as there was still no efficient coordination for funding usage between communities. Thus, the second solution was to subsidize some privately-funded services. For example, restaurants that were geographically close to a neighborhood were subsidized for providing meals to older people, or older people could eat in these restaurants with vouchers. This was a win-win situation, as older people had more meal choices, and catering services had more customers.

Fifth, the service networks became increasingly multi-layered. Above the community level, some networks started to emerge:

- Local government departments formed a policy network for stimulating old-age services, which focused on making policies. In a city, as many as 20 departments could be relevant to old-age services within a local government. The OAAO, which was affiliated with the Bureau of Civil Affairs, had been the main coordinating organization. Other organizations all established their own plans on old-age services. For example:
 - The Bureau of Civil Affairs—community services for older people
 - The Bureau of Health—geriatric and palliative care services through its hospital systems

- The Bureau of Education—universities for older people
 - The Bureau of Transportation—offers a discounted rate on travel fares for older people
 - The Bureau of Finance—budget planning (in consultation with departments) and funding allocation
 - The Bureau of Construction and Bureau of Land Planning—building infrastructure
 - The Bureau of Commerce and Business—registration
 - The Bureau of Accounting—financial monitoring
- A new specialized quality control network assessed, monitored, and controlled the quality of services delivered by NGOs. In the quality control network, local governments established professional evaluation standards, and purchased evaluation services from independent organizations. The providers' performance could be assessed through expert inspection and user satisfaction tests. In some cases, an ISO quality control system was introduced to help service providers maintain the standard of services. Local governments contracted the work of the quality control system, but the member organizations were not dependent on each other and had clear division of labor.

Hangzhou and Chengdu started introducing SO services later than Shanghai. Despite this, SOs were swiftly promoted by the local governments, and the services in these two cities were similar to those provided in Shanghai. However, some differences were evident. The Shanghai government played an important role in promoting and supporting SOs. For example, new social entrepreneurs could enter government-established incubators to enjoy cheaper office space, receive training, and build a social network. Thus, the government played an important role. In contrast, in Hangzhou and Chengdu, the structures of the networks resembled those of traditional bureaucracy, and helping SOs grow was not a priority for the governments.

Zhejiang province focused its efforts on service provision in institutions, and met the care home bed targets set by the government. As a result, Zhejiang had the second-largest number of care home beds per 1000 older people in the country. Although Hangzhou emphasized the role of socialization in service provision, the main services were still privately-funded care homes. SOs played a minor role in service provision, and the types of institutions and services were limited. In urban communities, space for services was very limited. Even in wealthier communities, day center facilities were not always available. SOs were under considerable financial constraint, while care homes managed and funded by the government were in oversupply. The occupancy rate of care homes in Hangzhou was lower than 50%. Most of the care home residents were healthy older people, and only 25% of the residents had care needs. A survey of older people's willingness to live in the care homes showed that they had low trust in the care homes, which was associated with the fact that the homes did not have enough professional carers (Lv 2012).

Chengdu's service networks for older people were implemented even later than Hangzhou, and were very unbalanced in their development. Services were active only in pilot sites, where the local economies were relatively better. However, the government did not wish to fall behind in this round of reform. Thus, there were frequent policy changes to improve the system. Community leaders found it difficult to keep up with the

fast-paced changes in government policies. While they received intensive training regarding the new policies, the capacity of SOs to meet demand was low. The more active SOs were from other provinces in the country. Even so, service capacity remained a serious issue. Even in the pilot sites, there were cases where the same group of people assumed two strands of tasks to achieve the targets of socialization established by the government. For example, the resident committees—as the administration units at the lowest level—continued to implement government policy. Meanwhile, these units also established SOs and provided services to older people. According to the local officers, the advantage of doing this was that they had awareness of serving the communities. As employees of SOs, their services were subject to performance assessment and user satisfaction assessment. In addition, the services they provided could bring them additional income. However, this practice could only be an interim arrangement when SOs were not mature enough to operate independently.

Compared with Shanghai and Hangzhou, Chengdu indicated unique characteristics in service provision for older people. Since Chengdu is an old industrial city, there are many communities where housing properties were allocated by state-owned enterprises to their employees. Residents in these communities are often people who have reached old age and have known each other since the central planning era, as colleagues working for the same state enterprises. In these communities, resident and party committees at the grassroots level are well developed and active. Many residents had lived in these communities for a long time and had formed an acquaintance society. Younger old people worked as volunteers to help older people. Some of these volunteers were appointed by the party committee or members of the party, while others simply wished to lead an active life after they retired. They cared for disabled older people as a form of home-based care. Meanwhile, the recipients of care trusted the volunteers, who were often their neighbors. Moreover, since these volunteers were introduced to the care recipients by the resident committees, older people were assured of receiving care, even if there were no easily accessible professional services.

In contrast, Hangzhou did not have such a high level of community trust and mobilization, and neither did it have the active SOs as in Shanghai. As a result, the Hangzhou government mainly relied on private enterprises to provide services; thus, the level of service coordination and development at the community level was much lower than in the other two cities. Although there were a few active SOs in the communities, their presence was often small. The service networks in Hangzhou and Chengdu were still in their infancy. Although the SOs were not fully developed, the top-down ‘upgrading’ of the networks was rapidly progressing. For example, in the pilot sites of Chengdu, SOs had already incorporated the management of multi-layered networks into their work plans (which were common in Shanghai), even though these SOs had to be staffed by employees in the resident committees.

Guizhou, Xiamen, and Taicang

The government of Guiyang was relatively late in its engagement with NGOs. However, this was one of the poorest provinces in China for many years, and local NGOs could not receive government support and mainly attained international funding from 2005 to 2011. These NGOs were mainly engaged in poverty reduction and human rights championship, and largely worked in rural areas. In 2011, some of the NGOs decided to work with the urban government. One of the interviewees, A, stated:

The reason we started to work with the government was that working with international NGOs became more difficult. The government was not happy that we use foreign money. Universities were not interested in getting associated with us. Many international NGOs contacted me; however, we dared not to take up their offers. Starting from 2011, we were seriously in debt and had to look for alternatives. Offering services to urban communities could help us to improve our financial situation.

However, a serious problem faced by Guiyang was not having qualified social workers. Experience with international organizations led to a few people, such as A, becoming viewed as experts in working with local governments. To some extent, they became a professional organization to help sub-district governments establish a community service platform. As they were so busy serving multiple communities at the same time, the platforms were mostly empty shells. Local officials were unsure how to follow up and were anxious about the ability of the organization. In each district, there were social incubators for social entrepreneurs; however, local government assumed the training responsibilities themselves. As reported by staff members of the SOs, the government was keen to show off its achievements to the outside world; thus, they invited higher level officials, the media, researchers, and international visitors to visit the sites. As a result, members of the SOs had to spend a lot of time accompanying visitors to show them around. In some cases, before the project even attained any success, the government was keen to see visible results, as they wished to showcase their achievements.

Unlike the uncoordinated situation in Guiyang, Haicang in Xiamen City and Taicang in Jiangsu province had very strong governments. However, their governments' power worked in different directions. Haicang's government introduced a coproduction framework in which SOs were part of the Communist Party's agenda to promote mass mobilization and improve social control. The government was in a dominant role, and SOs were initially 'imported' from other provinces, such as Shanghai and Guangdong. Xiamen City is close to Taiwan, and has a large number of Taiwanese migrants. Thus, Taiwanese SOs were also active in Xiamen. However, as discussed earlier, imported SOs can find it difficult to be accepted by local communities. At the time of our research, the local governments were pushing communities to accept social workers. In Haicang, old-age care facilities were not well developed in urban communities; however, government-subsidized domestic help was active. As such, there were almost 92 types of services available for older people in Haicang.

In contrast, Taicang's government was wary of SOs. The local officials dealing with community development were highly educated and often very young. They were open to new ideas, yet simultaneously suspicious of the role of SOs. They would not mind professional care services. However, social work organizations found it particularly difficult to be accepted, as the community leaders intended to turn independent social workers into employees of the community service centers.

Discussion and Conclusion

China's old-age care system has experienced multi-dimensional transformation, as follows:

- **From single provider to multiple providers**—In the early 1980s, old-age care services were officially provided by the state in cities and by rural collectives in villages. However, because the level of provision was very low, family members were the primary care providers (Ngok and Huang 2014). These days, households, the state, the market, SOs, and civil society all play a part. Within the government, there is also an attempt to promote coordination and collaboration between different government departments.
- **From medical to social care**—In the past, old-age care services were primarily offered to people in need of intensive medical care. These days, care may include non-medical support, such as household services, support for daily chores, and community-based services, organization of social activities, and day care services.
- **From administration-defined to market-defined space**—Traditionally, the service space for old-age care was either defined by the state or the market service providers. As the two types of services do not mix with each other, the service space was also defined separately. These days, as the role of different providers has become increasingly mixed, the special division is no longer as clear cut as that in the past.

Policies on services for older people and local governments have proliferated in the past few years, and local governments are increasing their support in this area. Unlike existing studies, this research has used a network transition framework to examine the changing relationship between the state, the market, and NGOs. It has revealed a much more complicated set of relationships. Using goal congruency, trust, and network-ness to examine the networks, we found that the networks are far from being stabilized. Despite the overall acceptance of the need to have SOs involved in old-age care services, trust and coordination between stakeholders are not yet properly established. There is a low level of trust between service providers and the state, and between users and SO service providers.

One of the key questions raised by many past researchers considers the willingness of governments to engage seriously with SOs. Past research has suggested that the government has many calculated barriers to make SOs' operations more difficult, so that the former can be placed under political control. This research suggests a much more varied relationship. It is oversimplified to claim that the government has no intention of developing SOs, and merely pretends to do so. The seemingly suppressive behavior of local governments could arise from several motivations:

1. Local officials do not yet understand their new role as social venture capitalists—they either behave like private business venture capitalists or act like managers in the new public management system. They wish to hold SOs accountable, as if they are private businesses.
2. Some SOs have an overlapping scope of business with the existing community services offered by the government. Local officials sense the possibility for SOs to take over their own responsibilities and wish to either merge the SOs into their own organizations or push the SOs out of their communities.

3. Local officials see the promotion of SOs as being a reflection of their personal performance, and wish to direct the SOs' activities in order to highlight their own capabilities to higher authorities.

In this sense, both institutions and individuals could be behind the 'control' of SOs, and this attempt at control could be either deliberate or unconscious. In the context of network transition, these seemingly controlling actions could be a result of reaction to changes. Relaxation of this control may be achieved as the stakeholders negotiate their new roles.

In the context of competition, as discussed in Provan et al. (2008), when businesses overlap in a network environment, the efficient solution is to merge the two, rather than keeping them separate. If this is true, then some local community leaders' argument for changing professional social workers into community service center staff members would be a sensible solution. However, this line of argument fails to acknowledge that, without the challenges of SOs, the community service managers were not actively seeking to adopt a more professional social work approach. In our fieldwork, some community leaders had already sent their own staff members to gain professional accreditations. This means that, even without community social work SOs, the social work approach may be taken on by more and more communities in urban China. However, the legitimacy of doing this is dependent on perceptions of the nature of the network. If the purpose of the network is just to deliver services in a certain manner, it is probably better to merge the overlapping services to enhance efficiency. However, if the purpose of service delivery is to empower people and challenge the monopoly power of the state, turning SOs into government agencies may undermine this purpose.

While network-ness can be an important factor in defining a network, it does not mean that the network will be sustained. A seemingly well-established network may still be fragile when the goals are not embraced by all members. Goal changes can occur at any stage of a network's lifecycle. As discussed earlier, when a member of the network decides that he or she can acquire other network members (that is, change a network based on contractual relations to a bureaucratic network), or the SOs cannot demonstrate their comparative advantages effectively, network members may resort to less cooperative measures, which may even lead to the collapse of an established network.

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