The Governance of Chinese Nonprofit Organizations:  
A Literature Review, Synthesis and Research Agenda  

Chao Guo  
University of Georgia  

Zhibin Zhang  
Nanyang Centre for Public Administration  
Nanyang Technological University of Singapore  

Abstract:  

China’s nonprofit and voluntary sector has been on the rise since the government launched its economic and political reforms in late 1970s. Portrayed by some as a “quiet revolution”, this fast-growing sector serves as a response to a wide variety of public needs as well as a mechanism by which citizens demand their voices be heard. Notwithstanding their remarkable development, Chinese nonprofit organizations generally suffer from weak governance mechanisms and management skills.  

These challenges result in a small but growing body of research on the governance of Chinese nonprofit organizations. The existing literature can be roughly divided into two groups, based on the approach taken by these studies. The external approach explores the influence of resource and institutional environments on nonprofit governance. The dual control system\(^1\) and the restriction on fundraising\(^2\) are two core issues in the analyses. The dual control system seriously hinders the governance of nonprofit organizations because it sets entry barriers, leads to excessive government intervention, and provides ineffective supervision. The restriction on fundraising forces the Chinese nonprofit organizations to rely on government subsidies, earned income strategies, and foreign funds to finance their operations and activities. The internal approach, on the other hand, focuses on board structures and processes. The internal approach, on the other hand, focuses on board structures and processes. Most studies along this line concentrate on  

---  

\(^1\) According to the Regulations on the Registration and Administration of Social Organization and the Interim Procedures on the Registration and Administration of Private Non-profit Organizations issued by the State Council in 1998, nonprofit organization must register with the government civil affairs agencies, while at the same time gain the sponsorship of another government agency which would directly supervise the operation of the registered nonprofit organization.  

\(^2\) In light of the Regulation on the Administration of Foundations issued in 2004, only those governmental or government-sponsored foundations can raise fund from the public.
defining what governance is, offering relatively limited theoretical and empirical evidence on how well nonprofit organizations are governed. Despite these limitations, Chinese scholars have made some notable progress in examining various nonprofit governance and management issues such as leadership election, organizational accountability, and representational capacity.

In this study, we provide a comprehensive review and synthesis of the external and internal approaches to examining the governance of Chinese nonprofit organizations. It is our belief that such a literature review would help appreciate and learn from the many insights from this growing stream of research, shed new light on understanding the differences and similarities in nonprofit boards and governance across cultures and nations, as well as suggest promising avenues for future research.