

Intermediary Organization of Administrative Examination and Approval: Development and Alienation

Yazhuo Huang

Zhou Enlai School of Government, Nankai University, Tianjin, China

Email: hyz1130@mail.nankai.edu.cn

How to cite this paper: Huang, Y. Z. (2022). Intermediary Organization of Administrative Examination and Approval: Development and Alienation. *Open Journal of Business and Management*, 10, 2181-2190. <https://doi.org/10.4236/ojbm.2022.104110>

Received: July 1, 2022

Accepted: July 26, 2022

Published: July 29, 2022

Copyright © 2022 by author(s) and Scientific Research Publishing Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

In the reform of the administrative examination and approval system, intermediary organizations have “sprung up” and played an important role in undertaking the decentralization of power by the government and providing professional examination and approval services. However, in practice, some intermediary organizations have become “two governments” in the process of administrative examination and approval, which not only damages the power and authority of the government, but also increases the burden on citizens and enterprises, making it difficult to give full play to the reform dividends of the administrative examination and approval system. Based on this, this paper takes the development and alienation of administrative examination and approval intermediary organizations in Tianjin and Zhejiang Province as research cases, aiming to explore the development status and alienation of intermediary organizations in the process of administrative examination and approval system reform, and provide policy reference for the standardized development of administrative examination and approval intermediary organizations on this basis.

Keywords

Intermediary Organization of Administrative Examination and Approval, Reform of Administrative Examination and Approval System, Delegating Power, Strengthening Regulation, Improving Government Services, Government Functional Transformation

1. Introduction

In the reform of the administrative examination and approval system, intermediary organizations have “sprung up” and played an important role in under-

taking the decentralization of power by the government and providing professional examination and approval services. They have become the booster and medium strength to straighten out the relationship between the government and the market and to draw a clear line between the government and society. However, in practice, some intermediary organizations have “broken ties” with the government, or are subordinate institutions of government departments, or transformed from public institutions. They assume intermediary functions by virtue of traditional power rather than high-quality services, and become “two governments” that “fake tiger power” in the process of administrative examination and approval, which not only damages the power and authority of the government, but also increases the burden on citizens and enterprises, making it difficult to give full play to the reform dividends of the administrative examination and approval system.

Based on this, this paper takes the development and alienation of administrative examination and approval intermediary organizations in Tianjin and Zhejiang Province as research cases, aiming to explore the development status and alienation of intermediary organizations in the process of administrative examination and approval system reform, and provide policy reference for the standardized development of administrative examination and approval intermediary organizations on this basis. Although the social, economic and cultural development modes of each local government are different, and the administrative capacity and governance level of each local government are also different, under the background of the reform of the administrative examination and approval system, the reform process inevitably has commonalities. Therefore, exploring the development law of local government administrative examination and approval intermediary services, on the one hand, can provide policy reference for promoting the reform of the administrative examination and approval system, on the other hand, can point out the way for promoting the transformation of government functions, so as to strengthen the modernization of government governance system and governance capacity, and accelerate the transformation of institutional advantages to government governance efficiency.

2. Literature Review and Concept Definition

Concept is method (Zhu, 2008). By reviewing and combing the existing literature, this paper clearly defines the core concepts involved in this paper, so as to provide a theoretical basis for the later discussion and point out the direction of thinking.

2.1. To Define the Concept of “Administrative Examination and Approval”

Due to different research perspectives, there are disciplinary differences in the definition of the concept of “administrative examination and approval” in academic circles. Most of the mainstream views focus on three disciplines: administration, law and economics. Administrative scholars believe that “administrative

examination and approval is a management activity in the exercise of state power, and it is also the product of the continuous development of the ‘administrative state’” (Dong, 2003). Legal scholars put forward that “administrative examination and approval means that the administrative organ makes a written decision on the application of the counterpart, allowing the counterpart to engage in certain activities, or enabling him to obtain the capacity and qualification to engage in certain activities” (Xiong & Li, 2002). Economists pointed out that “administrative examination and approval is subordinate to micro regulation” and “it is one of the important means for the government to regulate the market” (Wang, 2001). Based on the above points of view, this paper holds that administrative examination and approval refers to the market regulation behavior that the organ or organization with administrative examination and approval power reviews the application of the administrative counterpart according to law, and allows it to engage in specific activities or recognizes its ability and qualification to engage in specific activities.

2.2. To Define the Concept of “Administrative Examination and Approval Reform”

Due to different research scales, there are differences between “overall” and “classification” in the definition of the concept of “administrative examination and approval reform” in academic circles. Scholars with an overall view believe that “the reform of the administrative examination and approval system is an activity of the public administration subject to consciously change the public administration from structure, function, process to system, culture and behavior mode in order to adapt to the changed public administration ecological environment” (Zhang, 2003). The scholars who hold the classification view put forward that “the reform direction of different types of administrative examination and approval is different”, “Based on the function and role of examination and approval, the current administrative examination and approval as the object of reform can be divided into three types, namely, examination and approval for the purpose of resource allocation, which can be called resource allocation examination and approval; examination and approval for the purpose of restricting market entry, which can be called market entry examination and approval; and examination and approval for the purpose of preventing and controlling socially harmful activities, which can be called hazard control administrative examination and approval Examination and approval” (Wang, 2015). This paper takes the reform of administrative examination and approval as the research background, and there is no need to classify the types of administrative examination and approval, so it tends to use the concept of administrative examination and approval reform of the overall view.

2.3. To Define the Concept of “Intermediary Organization”

The academic circles have different opinions on the concept of “intermediary organization”, among which the most representative concept comes from the

Chinese society of administration. In 2006, the Chinese society of administrative management proposed in the research on the development of social intermediary organizations in China that “social intermediary organizations are social organizations that are established in accordance with certain laws, regulations, rules or government commissions, follow the principles of ‘independence, objectivity and impartiality’, perform the functions of service, communication and supervision in social life, and implement specific service-oriented acts, executive acts and some supervisory acts.” However, with the passage of time, this definition has been unable to accurately define the intermediary organizations that provide administrative examination and approval services under the background of the reform of the administrative examination and approval system. For example, the expression “established on the Commission of the government” has not met the requirements of the notice on clearing up and standardizing the intermediary services of administrative examination and approval of departments of the State Council issued by the general office of the State Council in 2015.

Therefore, the concept of intermediary organization should include the following aspects: first, from the perspective of subject nature, intermediary organizations can include enterprises, institutions, trade associations and chambers of Commerce; second, from the perspective of functional orientation, intermediary organizations provide paid services as the acceptance conditions of administrative examination and approval; third, from the perspective of relevance, intermediary organizations should “decouple” from government departments.

3. Theoretical Framework and Research Methods

3.1. Theoretical Framework

To understand the administrative approval intermediary organization, we should not only understand its static structure, but also understand its dynamic process. “Structure focuses on the abstraction of process, and process focuses on the trigger mechanism of explaining structure” (Wu, 2017). Therefore, based on the analysis idea of the “structure process” theoretical framework, on the one hand, this paper combs the number, classification and function of intermediary organizations, and analyzes the current situation of administrative approval intermediary organizations from the static structure level; on the other hand, explore the management mechanism, credit system and evaluation mode of intermediary organizations, analyze the operation of administrative examination and approval intermediary organizations from the dynamic process level, and on this basis, generally grasp the development law and practical difficulties of local government administrative examination and approval intermediary organizations, so as to provide policy reference for optimizing the development of administrative examination and approval intermediary organizations.

3.2. Research Methods

Using the case study method, this paper takes the development and alienation of

administrative examination and approval intermediary organizations in Tianjin and Zhejiang Province as research cases to conduct in-depth exploration. The reason for choosing Tianjin and Zhejiang Province as the research objects is that China's regional differences have gradually changed from "East-West differences" to "North-South differences". Considering the differences between the north and the south, a province is selected as the research object in the north and the south respectively. In addition, consider the social and economic development level of the research object, especially its effect and effectiveness in the reform of administrative examination and approval system and the development of administrative examination and approval intermediary services. At the same time, consider the disclosure of relevant documents of the research object and the difficulty of obtaining relevant materials. Based on the above three points, Tianjin and Zhejiang Province are selected as the research objects of this paper. Among them, Tianjin, as one of the four municipalities directly under the central government, is the largest open city and industrial and commercial city in northern China. In the process of the reform of the administrative examination and approval system, its reform process and practical effect have always ranked the "first tier" in the country. As one of the provinces with the most dynamic economic development in the country, Zhejiang Province has always been in the forefront of the country in terms of GDP, and its "once at most" reform has provided a reform sample with demonstration and driving effect for the reform practice of other provinces in the country. The data sources of this article are the websites of Tianjin and Zhejiang provincial government service center.

4. Dissimilation of Intermediary Organizations in Administrative Examination and Approval

With the deepening of the administrative examination and approval system and the rapid development of intermediary services of administrative examination and approval, the alienation of intermediary organizations of administrative examination and approval has also emerged one after another. "Wearing the hat of the market, holding the whip of the government, collecting tickets from enterprises and providing seats for officials" have become a true portrayal of some intermediary organizations of administrative examination and approval. In the process of providing administrative examination and approval services, these intermediary organizations not only seek power but also pursue profits. They not only lose their identity and value, but also bring serious damage to administrative organs, administrative counterparts and the whole society. Specifically, there are the following points.

4.1. Withhold Reform Dividends and Delay the Reform Process

Since the 18th National Congress of the Communist Party of China, the new central government has attached great importance to streamlining administration and delegating power and deepening the reform of the administrative ex-

amination and approval system. Taking this as a breakthrough, it has accelerated the transformation of government functions, made efforts to clarify the relationship between the government and the market and society, vigorously stimulated the vitality and creativity of the market and society, and made it an important part of the governance system. However, in the process of streamlining administration and delegating power and deepening the reform of the administrative examination and approval system, some administrative examination and approval items that were delegated or cancelled for the purpose of “returning power to the city” and “returning power to the society” were “intercepted” by intermediary organizations and taken over entirely. This makes those matters that have been delegated or cancelled “change” and become the precondition and invisible threshold for administrative examination and approval. As a result, the effect of streamlining administration and delegating power and deepening the reform of the administrative examination and approval system has been seriously diluted, and the reform is suspected of “going further in the light, but going back half a step in the dark”. At the same time, in the current situation of serious absence of relevant laws and regulations, some government departments have also intentionally or unintentionally contributed to the alienation of intermediary organizations. So far, the central government has not issued a formal law related to intermediary organizations of administrative examination and approval, so local governments have a lot of discretionary space in the management, supervision and assessment of intermediary organizations, which makes it difficult for some government departments and government officials who believe that examination and approval is power to “hide behind the scenes” the matters to be delegated in the independently formulated normative documents. The cancelled matters are transferred to intermediary organizations, which makes intermediary organizations become “a barrier” for citizens and enterprises to handle matters in government departments. “Enterprises can’t do things without paying a consulting fee, evaluation fee or testing fee”.

4.2. Increase Transaction Costs and Burden Enterprises

Although the central government issued the notice of the general office of the State Council on cleaning up and standardizing intermediary services for administrative examination and approval of departments under the State Council in 2015, which put forward requirements such as “comprehensively cleaning up and standardizing intermediary service charges for administrative examination and approval”, “promoting the market-oriented reform of intermediary service charges for administrative examination and approval” and “scientifically and reasonably formulating intermediary service charge standards for administrative examination and approval”. In addition, local governments have successively issued management measures on service fees of intermediary organizations for administrative examination and approval, further implemented the requirements of the central government, and stressed that intermediary services should

be reasonably charged. However, due to the lack of clear quantitative standards for the service fees of intermediary organizations in administrative examination and approval in these policy documents, some intermediary organizations, especially those with “official background”, “red background” or industry monopoly status, still ignore the regulations and arbitrarily charge high service fees from citizens and enterprises, and even some intermediary organizations arbitrarily bid and ask prices without standards. It makes the applicant bear a heavy burden of property in the process of handling administrative examination and approval. At the same time, due to the lack of strict regulations on the time limit for intermediary organizations to provide approval services, as well as the fact that some intermediary organizations are opaque and their processes are not publicized, when dealing with various complex approval services such as assessment, identification, certification and testing, they can be slow or slow. Moreover, as some intermediary organizations are exclusive monopolies, even if they delay in handling affairs and pass the buck to each other, the applicants “dare not say anything” and have no alternative. When the leading group office for the reform of the approval system of the Zhejiang provincial government analyzed five different types of investment projects, it found that the intermediary evaluation process took up more than 65% of the approval time. In this way, it not only increases the time cost of citizens and enterprises, but also greatly increases the social transaction cost, which seriously restricts the improvement of the overall social efficiency.

4.3. Hinder Intermediary Development and Affect Social Governance

With the transformation and alienation of intermediary organizations, in various fields of administrative examination and approval, “red top intermediary” and “two government organizations” emerge in endlessly. In essence, these deformed and alienated intermediary organizations are the product of abnormal and unhealthy development of the relationship between the government and the market, and between government officials and entrepreneurs. Specifically, it mainly includes four types: first, the public institutions subordinate to the relevant government departments or the associations in charge; second, service agencies designated by government departments with approval authority; third, there are government agencies in which current or retired personnel work part-time or hold posts; fourth, institutions that have close ties with officials of government agencies who have the authority to examine and approve. These “Hongding intermediaries” and “two government organizations” are in the market and in the government. By virtue of their illegitimate relations with government departments and government officials, they obtain intermediary service functions and approval business sources. Sometimes even by virtue of the “official background”, they secretly cut off the business sources of other intermediary organizations, or directly monopolize the management rights in a certain field, so as to

seriously squeeze the development space of other intermediary organizations, so that other intermediary organizations can only grow in the cracks and cannot grow. At the same time, due to the existence of “Hongding intermediary” and “two government organizations”, the intermediary service market order has been seriously disrupted (Sun & Li, 2016). This makes the intermediary service market lack of competition and insufficient development, and citizens and enterprises cannot choose intermediary organizations independently. Therefore, even if intermediary organizations charge high fees and provide poor services, citizens and enterprises are “powerless” to do so, which makes the applicant “designated” and “intermediary” in disguise.

5. Discussion

The foregoing research on administrative examination and approval intermediary organizations comes down to one point, that is, it should be beneficial to the practical development of administrative examination and approval intermediary organizations. Through the in-depth exploration of the intermediary organizations of administrative examination and approval in Tianjin and Zhejiang Province, this paper analyzes and summarizes the development status and alienation of the intermediary organizations in the process of the reform of the administrative examination and approval system, and on this basis, hopes to provide policy reference for the standardized development of the intermediary organizations of administrative examination and approval. Specifically, this paper sets the basic direction of standardizing the development of administrative examination and approval intermediary organizations as “one principle and three priorities”, that is, based on the principle of clarifying the relationship between the government and the market, focusing on delimiting boundaries by law, promoting reform by system, and promoting development by “decoupling”, and striving to promote the healthy operation and standardized development of administrative examination and approval intermediary organizations.

The decision of the Central Committee of the Communist Party of China on several major issues concerning comprehensively deepening reform adopted at the Third Plenary Session of the 18th Central Committee of the Communist Party of China pointed out that “economic system reform is the focus of comprehensively deepening reform, and the core issue is to properly handle the relationship between the government and the market, so that the market can play a decisive role in resource allocation and better play the role of the government.” We should properly handle the relationship between the “visible hand” of the government and the “invisible hand” of the market, clarify the functional boundary between the government and the market, actively promote the government to change its functions, streamline administration and delegate power, avoid government dislocation and cross-border, fully stimulate the enthusiasm and creativity of the market, enhance the market’s ability to undertake, and effectively

change the phenomenon that intermediary organizations “rely on the market for their lives and on the government for their long lives”. It is the fundamental principle to standardize the development of intermediary organizations for administrative examination and approval.

Specifically, one is to delimit the border by law. Government departments and officials of government departments shall, in strict accordance with the provisions of the administrative licensing law, specify the intermediary service matters and relevant requirements for administrative approval. No department or official of any department shall set up other matters or requirements outside the law. At the same time, it is strictly prohibited for any government department to “hide behind the scenes” in the normative documents, transfer approval items to intermediary organizations in the name of cancellation or decentralization, and prohibit “private giving and receiving” of power. The second is to use the system to promote reform. In the process of deepening the reform of administrative examination and approval system and transforming government functions, we should vigorously promote the construction of list systems, such as responsibility list system, power list system, negative list system, intermediary service list system, etc. In this way, we will strengthen the rule of law thinking that “the law cannot be done without authorization and the legal responsibility must be done”, standardize the behavior of government departments, government officials and intermediary organizations, and ensure the solid implementation of the reform of streamlining administration and delegating power. The third is to use “decoupling” to promote development. The Third Plenary Session of the 18th Central Committee of the Communist Party of China formally put the issue of “decoupling” between intermediary organizations and government departments on the agenda. The general office of the CPC Central Committee and the general office of the State Council jointly issued the “general plan for decoupling industry associations, chambers of Commerce and administrative organs” to further clarify the requirements for “decoupling” between intermediary organizations and government departments. To this end, government departments and officials of government departments should effectively cut off improper contacts and unhealthy relations with intermediary organizations, and truly realize that “the public institutions affiliated to the approval department, the competent social organizations and their enterprises shall not carry out intermediary services related to the administrative approval of the department, and those that need to be carried out shall be transformed into enterprises or disconnected from the competent departments”, so as to promote the standardized development and sustainable operation of administrative examination and approval intermediary organizations.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

References

- Dong, W. (2003). Dual Attribute Analysis of Administrative Approval. *China Administration*, 12, 89-92.
- Sun, X. L., & Li, G. D. (2016). Hongding Intermediary: Alienation and Return. *China Party and Government Cadres Forum*, 5, 23-26.
- Wang, J. (2001). Some Thoughts on the Reform of Administrative Examination and Approval System. *Journal of Guangdong University of Administration*, 6, 9-13.
- Wang, K. W. (2015). On the Classified Reform of Administrative Examination and Approval and the Construction of Alternative Systems. *Chinese Law*, 2, 5-28.
- Wu, X. L. (2017). Structure Is Still Valid: Towards the "Structure Process" Analysis Paradigm of Political and Social Research. *Political Science Research*, 2, 96-108.
- Xiong, X. B., & Li, G. D. (2002). Building a New Administrative Examination and Approval System. *Zhongzhou Journal*, 4, 186-189.
- Zhang, Y. T. (2003). *Administration*. Higher Education Press.
- Zhu, G. L. (2008). *Modern Government Theory* (p. 6). Higher Education Press.