

11

China's approach to performance management and future directions

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Abstract

This chapter examines China's approach to performance management during the past four decades, with a focus on the important changes before and after Xi Jinping came to power. It argues that China's approach has been to reconcile two competing theories in performance management—the principal–agent model and the principal–steward model. The two models differ in their core assumptions about how political principals should motivate and monitor bureaucratic behaviour, and therefore provide a useful perspective to understanding China's evolving approach. This chapter shows that the national leadership before Xi Jinping strove to develop a principal–agent system in performance management and saw that model as useful for resolving the problems rooted in China's patronage-based cadre management system. However, such an approach also brings classic principal–agent problems to cadre management and local governance. Xi's reform approach, by contrast, emphasises the value of the stewardship system that has contributed to the success of the Chinese Communist Party's rule, such as maintaining intrinsic incentives, loyalty and trust of the cadre corps. This chapter concludes by discussing critical issues in advancing China's performance management reforms in the decades to come.

Keywords: performance management; principal–agent; steward; target responsibility system; Chinese bureaucracy.

Introduction

Performance management has been vigorously implemented in Chinese local governments during the past four decades. In China's context, it is an umbrella term that covers a variety of systems and programs launched at local levels since the late 1970s, such as the cadre (or target) responsibility system (Edin 2003), civil service reforms (Burns and Wang 2010), citizen participation in government performance evaluation (Yang and Wu 2013), and most recently, the 'one-go at most' initiative in Zhejiang province (Gao and Tan 2020).

Among these, the target responsibility system (hereafter the 'TRS') is one of the most influential schemes. The TRS is a type of target-based performance measurement system used by governments around the globe. Since the mid-1990s, the TRS has been institutionalised in Chinese local governments at all four levels (provinces, municipalities, counties and townships). It is officially intertwined with the Chinese Communist Party's (CCP) cadre management system. Given that the subnational governments in China employ over 80 per cent of Chinese officials, the impact of the TRS in shaping the mindset and behaviour of the majority of the Chinese bureaucracy is significant. The TRS is also ubiquitously applied in almost all major policy areas, such as environmental protection, improving social welfare, promoting economic growth, and so on.

The evolution of the TRS during the past four decades offers a key perspective to examine China's overarching approach to performance management reforms. This approach, as this chapter shows, has been to find a proper balance between employing a principal–agent model and a principal–steward model in motivating local officials to achieve the party-state's crucial governance goals. Before Xi's administration came to power, performance management was based largely on principal–agent relationships. One manifestation of this approach has been the adoption of performance contracts between governments at various levels of the hierarchy and the use of extrinsic incentives such as financial rewards or career prospects to motivate local leaders to accomplish their contracts. Fulfillment of the targets in the contracts is then linked to cadre selection

and promotion, which have long emphasised cadres' political consciousness, family background, informal networks and factional ties—more of a principal–steward approach.

However, seeing local officials as both agent and as steward creates tensions and obstacles in developing a coherent management system. For example, as stewards, local officials should be given significant discretion in performing their jobs, but as agents, they need to be strictly controlled and their performance monitored so as to reduce information asymmetries. Such tensions have caused a deep dilemma for Chinese leaders as they attempt to advance performance management reforms. The dilemma can be observed in the recent reforms under Xi's administration: on the one hand, efforts were made to tackle the agent problems, for example, strengthening monitoring on local officials' information distortion behaviour. On the other hand, Xi's reform reasserts the importance of stewardship in the system. Political credentials and ideological correctness are reinforced in cadre evaluation and management.

Agents versus stewards: Competing theories

In recent years, there has been a growing discussion on how performance management reforms should be advanced (Bjurstrom 2020; Pierre and Peters 2017; Schillemans 2013). Two prevailing theories are the principal–agent model and the principal–steward model. The principal–agent model assumes that agents are rational actors who are driven by self-interest and are sensitive to extrinsic motivations such as financial rewards. They will act opportunistically when their own goals diverge with those of the principals. As the agents normally have more information than the principal who delegates tasks to them, they can take advantage of information asymmetry to shirk or drift from their obligations, or worse, undermine the policy goals of their political principals. Therefore, agents are not trustworthy, and their performance should be monitored and regulated strictly.

By comparison, the principal–steward theory posits that local service providers can act as loyal and trustworthy stewards. They are motivated by collective or social goals, not primarily by self-interest. They perform their tasks based on intrinsic incentives such as self-realisation and public service motivation. Maintaining personal relationships between the principal and the stewards is important because it nurtures loyalty, respect and mutual

trust between the two parties. This in turn decreases the need for stringent control and oversight (Davis et al. 1997; Van Slyke 2007; Schillemans 2013:545). In a word, the agent model and the steward model advocate different incentive schemes, different management systems and different relationships in the bureaucracy.

In practice, the two models are by no means dichotomous or mutually exclusive. Bjurström (2020) points out that both are ideal types of relationships that could be put at opposite ends of a continuum bounded by relationships with a low degree of goal congruence and mutual trust (the agent model) and relationships with a high degree of goal congruence and mutual trust (the steward model). Most performance management systems draw on a mix of the two models, at least in some instances or at some points in time. For example, Van Thiel and Smullen (2021) find that in Australia, the federal government mixes elements and instruments from the two models in managing agencies. In the Commonwealth, among non-corporate entities such as government departments, instruments that favour a principal–agent model of monitoring and compliance are more commonly used than in corporate entities such as the Australian Broadcasting Commission, which operate at arm’s length from the government. But both types of agencies are also given a moderate level of policy autonomy and use contracts at a moderate frequency, which indicates the existence of a stewardship model.

China’s TRS: Turning stewards to agents

Whereas performance management in Australia arose from budgetary and financial management reforms, performance management in China started with the objective of improving the CCP’s cadre evaluation system (Podger 2018). A key feature of the CCP’s cadre personnel management system is that it maintains informal patron–client networks through personalised power and shared goals and values (Nathan 1973). For example, factional ties—defined as personal ties to dominant leaders—are important for cadres to successfully advance their careers, especially if they are in leadership positions. Dominant factional leaders lead through personal exchange relations with their supporters. The survival of the faction depends on the capacity of the dominant leaders to reward their followers and protect them in times of career uncertainty (Choi 2012:965–66; see also Pye 1981). In return, the clients perform tasks for the dominant leaders. They are expected to share their patron’s goals and interests, to be highly responsive to their patron’s demands and to faithfully implement the patron’s orders.

Such a patron–client relationship shares some essential features with the principal–steward model such as the emphasis on shared goals, mutual support and trust, and a small power distance between the two sides.

The cadre management system reinforces the patron–client relationship by inculcating in cadres a recognition of political unity, loyalty to their superiors and selfless devotion to the socialist cause (Schurmann 1968). At the heart of the CCP's success is its competence in disciplining its cadres and ensuring the cadres share and insist on the same ideology. Ideology indoctrination is used as a means of directing action and controlling cadres. The practice of ideological work includes improving political trustworthiness by following a set of rules that define the proper ends and criteria of cadre performance, enhancing political consciousness by using political communication strategies to integrate central and local authorities and other agents, and clarifying political rules by punishing any deviation (Chen 2018:293, 295).

Moving towards a contractual system

In the reform era, CCP leaders have increasingly emphasised the importance of work achievements in determining political elites' career advancement. The CCP's cadre evaluation system adopted five criteria for assessment, selection and promotion of a cadre: virtue, competence, diligence, work performance and integrity (Central Organization Department 1998).

Work performance, in turn, is assessed in terms of performance in six categories: economic development, social development, sustainable development, improvement of people's lives, social harmony, and party and government work style (Central Organization Department 2009). Local governments develop performance items, targets and indicators based on their own local situations. Table 11.1 provides an example of how a township in Shaanxi province developed its own indicators in these categories.

The TRS establishes a typical principal–agent relationship. First, authorities at a higher governmental or agency level sign performance contracts with subordinate organisations or governments at the next lower level. The contracts specify the performance goals and targets to be fulfilled, specific indicators that measure the accomplishment of each target, the weight of each indicator in the evaluation scheme, and rewards for reaching the targets and penalties for failure to reach them. Performance contracts are normally updated on an annual basis. Progress toward target accomplishment is reported on a quarterly or even monthly basis. The principal also monitors the agent's performance regularly through spot checks, inspections, statistical auditing, etc.

Table 11.1: Performance contract signed between Feng county and one of its townships in Shaanxi province, 2017 (excerpts*).

Category	Targets (points)	Indicators
Economic development (200 points)	GDP (20)	Achievement of a GDP annual growth rate of 12%
	Investment in fixed assets (40)	Investment of RMB700 million in fixed assets
Cultural development (50 points)	Education (30)	Ensuring over 85% of children enter kindergarten before entering primary school
	Culture (10)	Construction of cultural service centres in villages and communities
Social development (110 points)	Social order and stability (45)	Accomplishment of tasks on maintaining comprehensive social order and stability, social safety maintenance, letters and visits and fighting against religious cults
	Transparency of village affairs and elections of the new village committee (5)	Ensuring the smooth election of the new village committee and ensuring the election follows legal procedure
People's lives (170 points)	Distributable income per capita of rural residents (50)	Ensuring rural residents a distributable income per capita of RMB14,026 (30 points), with a growth rate of 10%
	Eliminating poverty (60)	Ensuring that 5 villages are no longer poverty-stricken; lifting 444 people out of poverty; movement of 52 households with 183 people
Ecological environment (120 points)	Water and soil (25)	Preservation of 27,227.7 acres of farming land
	Forest (35)	Accomplishment of 2017 Implementation Plans for Forest Construction and Greening Projects
Brightening plan (30 points)	Pursuit of organisational excellence (10)	Inclusion in the province's top 10 cultural tourist sites
	Featured work (20)	Construction of an innovative public service hall
Common targets# (170 points)	Construction of leadership corps and cadre corps (40)	Education of cadres; development of an innovative talent-management system
	United front work (5)	Establishment of dossiers on overseas Chinese, ethnic minority cadres, overseas students, teaching staff in religious places, business unions, etc.

Notes: * Performance categories are the originals. Targets and indicators are selected excerpts.

There was a total of eight common targets. These are standard targets that apply to all townships of Feng county.

Source: Party Committee and Government of Feng County (2017).

Second, the principal uses two methods to bring the agent into alignment with the principal's goals: permitting the agent limited negotiation ability regarding the goals and giving the agent strong incentives to achieve the goals by making the agent's future depend upon achieving them, through what is known as veto power. If local officials fail to accomplish a target with veto power, their advancement will be vetoed regardless of how successfully they achieve other assigned targets. Many targets related to social stability, such as work safety and the handling of mass petitions and complaints, are targets with veto power.

Third, the TRS provides high-powered incentives to motivate the agent to fulfill the targets. Most of these incentives are extrinsic ones. Financial rewards and career prospects are among the most important extrinsic incentives. Local officials and all members of their organisation receive financial bonuses if the organisation's performance is ranked highly compared to their peer institutions. Leaders of the organisation also increase their chances of promotion. On the other hand, if they fail to fulfill a required task, especially if that failure causes serious social repercussions such as mass protests, local officials will be held accountable, and in some cases, they must take the blame and resign from their positions.

Prospects and problems

By turning stewards into agents, the TRS addresses some longstanding issues in the Chinese political system. First, it reduces the opaqueness and the dominant role of personal power in making crucial cadre selection and promotion decisions. After a few decades' implementation, work performance has become a primary criterion in local officials' promotion. Many studies have found a strong link between performance and promotion of local leaders. For example, Cai (2015) finds that better economic performance, as well as personal connections with political bosses, enhances the promotional prospects of municipal party secretaries. Landry et al. (2018) find that economic performance plays a greater role in promotion at lower administrative levels of government than at higher ones, even after controlling for political connections.

Second, the TRS strengthens local government's compliance with policy goals set at higher governmental levels. It has strengthened the capacity of the communist state to have its most crucial policies implemented at local levels, thus reducing the policy implementation gaps caused by decentralisation reforms (Edin 2003). The TRS also incentivises local officials to match

resources to tasks. It provides the higher levels of government with levers to manipulate the structure of local spending through unfunded or partially funded mandates (Tsui and Wang 2004). There is also abundant evidence that in specific policy areas in which the TRS is implemented, such as economic growth, emission control and work safety, policy goals at both national and local levels are consistently met.

Third, the TRS produces a large amount of information that can be used for decision-making and policy refinement. Because of China's huge size and scale, lack of accurate and reliable information has been a problem for Chinese decision-makers throughout history. Because the TRS requires regular monitoring and reporting of local governments' progress in achieving their performance contracts, an enormous volume of data is produced and recorded in annual reports, statistical yearbooks, bulletins and the like. Many local governments also make performance information available to the general public through government portals.

Nevertheless, the TRS also brings classic principal-agent problems to local governance and cadre management. First, although performance goals are clearer now, goal displacement is still a thorny issue. For example, when work safety deteriorated in the early 2000s, national leaders established a set of quantified targets to control work-related fatalities (e.g. controlling fatalities in coal mine accidents to under a certain number per year) in order to maintain social stability and protect workers' interests. Because these targets were given veto power in their performance evaluations, local leaders were incentivised to fulfill the targets by any means necessary. In some cases, local officials took drastic measures that could harm social stability, such as covering up death tolls in coal mine accidents by secretly removing the corpses (Wright 2012). In such cases, while the central leaders wanted to use the TRS to maintain social stability, local officials' goal was to accomplish the targets, even if they knew it would generate social tension.

Second, although the TRS provides abundant performance information for decision-makers, it also triggers information manipulation and distortion at local levels (Gao 2015; Wallace 2016). The result is an explosion of performance information in various policy areas that, perversely, is unreliable for decision-making. During the process of collecting data at the grassroots level and reporting it level by level up the hierarchy, there is plenty of opportunity for data fabrication or manipulation. At each level, officials are driven by the same need to fulfill their assigned performance targets,

so they may turn a blind eye to their subordinates' data manipulation. In some cases, the superiors will even subtly encourage their subordinates to inflate economic data (Zhou 2010).

Data manipulation not only hinders effective decision-making, it also erodes the confidence and trust of local cadres in the whole system. The promotion tournament created by the TRS compels local officials to compete for a better ranking and to avoid being blamed for poor numbers. Gao (2015) finds that a very troubling result of implementing the TRS is that lower-level cadres have come to view cheating in numbers as a natural part of their work life. That mindset erodes the integrity and service ethos of the party's cadre corps. Even while acknowledging that data manipulation was unethical, as rational agents, local officials consider it a reasonable response to the demands placed on them. This is particularly the case when data manipulation becomes a norm in work or an accepted and shared value among local cadre corps.

Third, a serious issue for CCP leaders is that the pragmatism promoted by the TRS undermines the value of ideological correctness (Chen 2018). Most performance targets are result-oriented. Local officials have some discretion in determining how these targets are met. As Deng Xiaoping famously put it: black cat, white cat, it is a good cat as long as it catches mice. TRS-stimulated pragmatism greatly blunted the force of the ideological message issuing from the central authorities, who repeatedly stressed the importance of maintaining political integrity and loyalty to Marxism and the socialist cause. During this period, performance was given greater weight than ideological correctness in the GDP-centred promotion tournament. Political loyalty to Marxism and the road to socialism with Chinese characteristics, with the political discipline to ensure adherence to the line of the central authority, were deemphasised in official discourses (Chen 2018:297).

Reform developments in Xi Jinping's era

The coexistence of the principal–agent and the principal–steward relationships in China's performance management reforms leads to a number of questions: how should performance and patronage be balanced in cadre management? How can local agents be focused on results without losing professional ethos, political loyalty and integrity in their work? Is reasserting the principal–steward relationship a remedy to the problems of emphasising the principal–agent relationship in China's cadre management

system? These questions are not easy to answer. Drawing on some major developments in performance management reforms in Xi's era (2012–present), this section attempts to provide some preliminary observations on the Chinese reformers' approach to relieving the tension between the two models.

Tackling data manipulation

One prominent reform measure is to tackle data manipulation at local levels so as to reduce the information asymmetry between the principal and the agent. National leaders have been investing heavily in strengthening information collection and monitoring infrastructures. For example, to enhance the quality of economic data, in 2004 the National Bureau of Statistics (NBS) started experimenting with a new GDP calculation system. Under the new system, the NBS does not need to rely on the economic data collected by local officials, which might have been inflated in the level-by-level reporting process. Instead, the NBS collects raw data directly from their origins, such as enterprises of a designated size, through online data collection and reporting systems. The NBS then uses this data to calculate the GDP of local governments. By bypassing local officials in the process of data collection and reporting, the reform effectively reduces the incentives and opportunities for outright data falsification (Gao 2016).

Another way in which national leaders combat data manipulation is by collaborating with independent, third-party organisations in data collection and provision. Studies show that the third-party organisations have played an important role in performance-based budgeting management. They offer necessary support to local governments that have limited administrative capacity to collect and analyse performance data on project operation (Zhao 2018). Another example is the reform in air pollution control. For a long time, manipulation of air quality data was possible because air quality was collected, monitored and reported by enterprises and local authorities. In the mid-2010s, Chinese central authorities made the decision to use the market—in this case accredited, independent third-party organisations—to collect local environmental data (Ministry of Environmental Protection 2015). These third-party organisations are profit-making firms that are financially independent of the government and the enterprises being monitored. They are qualified to conduct one or multiple types of environmental monitoring, and they help the national or local governmental operators of monitoring stations to collect, examine and report data to government institutions that need such data. One study finds

that the third-party monitoring has effectively reduced manipulation of air quality data based on a national data set that covers 338 prefecture-level cities in China (Niu et al. 2020).

Reforming the TRS and cadre evaluation

A second reform measure addresses the pressure that the TRS places on local agents. This measure involves abandoning some of the centralised elements in the TRS, in particular reducing the importance of economic performance to cadres' career prospects. Xi's administration has ceased the practice of developing a 'national-level design' (*dingceng sheji*) for TRS, a sharp contrast with the era of Jiang Zemin and Hu Jintao, when central authorities always developed a national version of the TRS with broad performance categories and items. These national-level frameworks offered guidance for local officials to develop their own evaluation schemes. By comparison, Xi's administration only released guiding thoughts on how to improve the evaluation of 'political achievements' (*zhengji kaohe*) as distinct from 'work achievements' (*shiji kaohe*) (Central Organization Department 2013).

Xi's reform approach emphasises the importance of taking a comprehensive and scientific approach in local government performance management and cadre evaluation. In particular, GDP is no longer the only determinant of 'success' and 'heroes'. On many occasions, Xi has repeatedly stressed that GDP and its growth rate should not be used as the most important criterion in evaluating a cadre's political achievements.

This means that the TRS should give higher emphasis to targets that focus on the quality, efficacy and sustainability of China's development. When developing evaluation indicators in accordance with their own situations, localities should give more emphasis to targets relating to sustainable economic growth, improvement of people's lives, social harmony and ecological environment protection; as discussed further below, party building must also be emphasised. GDP should be abandoned as a measure in areas that are poverty-stricken or ecologically vulnerable. In those areas, targets such as poverty reduction and ecological reservation should be highlighted.

Cadre evaluation should also be holistic, taking into consideration factors such as a cadre's morality, competence in work, job performance and public feedback. Moreover, cadre evaluation should pay attention to a cadre's ability to resolve problems and dilemmas in local development, rather than

narrowly focusing on the locality's GDP and growth rate. For example, local cadres should not achieve GDP growth by overborrowing from banks, which would cause high government debts. Furthermore, cadre evaluation should differentiate what had been done by a cadre's predecessors and what has been accomplished in the cadre's own tenure, and between a cadre's willingness to work hard and external conditions that might have affected the actual accomplishment.

If these measures are implemented smoothly at local levels, they may solve deeply rooted problems in China's performance management system. A major driver of local officials' data manipulation is that sometimes the top-down assigned targets are unrealistic and at odds with the local situation, and yet officials are held responsible for target accomplishment. Massaging or falsifying data has been a feasible and low-risk way to survive a tough evaluation system or to leap ahead in the promotion tournament. The central authorities' more stringent scrutiny of data in recent years has done a good job of addressing the problem of unreliable data and made data manipulation a much less feasible option for local officials—as the reform intended.

But this produces a new tension: on the one hand, it is important to obtain reliable performance data for the sake of effective policymaking, but on the other hand, with local officials now having to report accurate data, there is a higher likelihood of an otherwise favourably assessed candidate being harmed by poor performance against the targets. Fortunately, another aspect of the reforms—a more decentralised approach to implementing the TRS—gives local leaders greater flexibility to develop a fairer evaluation system for their local situation. In addition, by emphasising that cadre management should be based on a more comprehensive analysis of political achievements, local cadres are free to devote more attention and resources to areas that matter for social stability and harmony, the happiness and wellbeing of the people, and sustainable development. These are important for the party's legitimacy in the long term.

Xi's approach to performance management is evolutionary, but simultaneously a turning point. Since Hu Jintao's time, the Chinese central authorities have striven to balance economic growth and social development. Hu's reform aimed to add more targets on social policies to a very GDP-centred evaluation system, thus achieving a more balanced form of development. Xi's reform goes further, to tone down the importance of economic growth and place higher emphasis on the non-economic aspects of China's development. Nor does Xi's reform approach disregard

the important role that the TRS plays in local governance and cadre management: on the contrary, it recognises that the system is deeply woven into the fabric of China's governance system and can be useful in resolving local problems. The TRS remains the baton in the director's hand, guiding local policy implementation. The reform measures endeavour to adjust the TRS's direction so that it encourages local officials to adopt a more balanced form of development.

Prioritising party building

One salient feature of Xi's TRS reforms is that party building has been prioritised in local cadres' performance evaluation. In 2019, the Central Committee of the CCP updated the *Working Regulation on Performance Evaluation of Party and State Leadership Cadres*. Article 1 says that the overall purpose of the update is to 'insist on and strengthen the comprehensive leadership of the party and make sure the party manages itself strictly' as well as to 'establish high-quality cadre teams with firm beliefs who serve the people and are diligent and practical in work, willing to take risks, and honest and upright'. Such expressions were not used in the previous version of this regulation, promulgated in 2009 by the Hu–Wen administration. In addition, compared to the previous version, the 2019 regulation provides some specific guidance on how to assess a cadre's virtue, ability, diligence, work performance and integrity. For example, virtue should be assessed based on a leadership cadre's 'political and moral quality'. 'Political quality' refers to 'one's strong belief and loyalty to the party, dedication to the party's constitution, compliance with political disciplines and rule, maintenance of a high degree of consistency with the Central Party—the core of which is Comrade Xi Jinping—in thoughts, ideology and action'. 'Moral quality' refers to 'moral values' such as being honest and fair and 'dedication to social morality, professional norms, and family and personal virtues'. The assessment of a leadership cadre's work performance is based on 'an accurate view of political achievements'. The primary criterion for assessing the work performance of party secretaries is their effort in party building. Party building should also be given greater weight in the assessment of other party members in the leadership corps (Central Committee of the Chinese Communist Party 2019).

Under the central guidelines, local authorities have incorporated more detailed measurement of party building into their TRS schemes. For example, in 2020, Huanghu township of Yuhang district, Zhejiang

province, developed a TRS of party building for its villages. The system measured villages' performance on party building in seven categories: party discipline, organisation work, propaganda work, information work, trade union work, the Chinese Communist Youth League, and women's work. Each category contains concrete targets and indicators. For example, one target for information work is that each village should report at least twice a year about their work progress via their government portal websites. One target for the Communist Youth League work is that each village should assure that a certain minimum percentage of youth attend league building activities (Party Committee of Huanghu Township 2020).

Chen (2018) calls attention to a new and interesting initiative in Xi's era: the implementation of an 'ideological responsibility system'. Ideological correctness is a newly prioritised criterion in cadre evaluation and management, and integrated into local TRS schemes. Ideological responsibility has the same, or even more, weight as economic construction, political construction, cultural construction, ecological environment protection and party building. Cadres are expected to have 'four consciousnesses': consciousness of the need to maintain political integrity, to think in big-picture terms, to uphold the leadership core and to remain in alignment with the party's political stances and directions. Party committees at all levels are responsible for developing the ideological responsibility systems.

Future direction

This chapter shows that China's approach to performance management, if viewed from the perspective of the TRS and cadre evaluation, has been to reconcile two models—the principal–steward model and the principal–agent model—that differ in their core assumptions about how political principals should motivate and rein in bureaucratic behaviour. The reform has swung between the two ends of the continuum described by Bjurström (2020). The national leadership before Xi Jinping strove to develop a principal–agent system in performance management and saw that model as useful for resolving problems in the patron–client system. Xi's reform approach, by contrast, emphasises the values of the stewardship system that has contributed to the success of the CCP's rule. The TRS has treated local cadres as agents, while Xi's reform reasserts that they are also the party's stewards. Agents are driven by self-interest, but stewards may sacrifice

themselves for the greater cause—in Xi's own words, cadres should hold the spirit that 'it is fine if the success of a great cause is not achieved in my time' (*gongcheng bubi zaiwo*).

But this stewardship approach is premised on adherence to Xi's ideological position and the Central Party's policies. Those policies also go to extending the reach of the party. As Chen (2018) indicated, Xi takes the rejuvenation of the Chinese nation as his and the CCP's mission. But what Xi believed he was facing was the 'weakening of Party leadership, lack of Party building, indifference to Party ideology, weak organization, and discipline' (Chen 2018:298). In this context, it is not surprising that, under Xi, China's performance management would move to place greater emphasis on the stewardship in the cadre management and evaluation systems. As shown in this chapter, this shift is underpinned by the strengthening of political and ideological indoctrination of local cadres and the implementation of more stringent party discipline to restrain their behaviour, as well as modification of the definition of work performance. The TRS is still regarded as a useful toolkit for strengthening policy compliance and achieving desired results, but in Xi's era it is used even more to generate new Party momentum for the paramount leader's orientations.

The chapter leaves many questions and issues, particularly relating to reforming China's performance management system in the decades to come, to be addressed in future studies. First, Xi's reform seems to be contradictory in its approaches to reconciling the principal–agent and principal–steward models. The reform still uses the TRS, at least as one instrument, to achieve its goals of strengthening party building and aligning local cadres' goals with those of the central authorities. Methods such as the ideological responsibility system may be vulnerable to the persistent problems of the TRS—such as hitting the targets and missing the points—and therefore not be the most effective way to rejuvenate the cadre corps.

Second, are performance and patronage irreconcilable? In recent years there has been a growing discussion on this issue. It is interesting to note that some studies have found that patronage helps to improve performance (Choi 2012; Jiang 2018; Luo et al. 2020). For example, Jiang (2018) argues that patron–client relations can be used to improve government performance by resolving such principal–agent problems as divergence with the political hierarchy over goals. Analysing his database of city-level leaders during 2000–2011, he finds that city leaders with informal ties to incumbent provincial leaders deliver significantly faster economic growth than those

without. Will the strengthening of stewardship under Xi's administration improve performance in achieving China's political, economic and social development goals? Or will the strengthening of party discipline and the broadening of the party's role through 'party building' inhibit economic and social development? How will these changes affect the regime resilience?

Third, given the CCP's efforts to develop and improve information infrastructure and tackle data manipulation, how will the party use performance data in the context of the fourth information revolution? Will the use of big data and artificial intelligence, for example, strengthen authoritarian rule as it addresses longstanding information problems in China's bureaucracy? It is beyond the scope of this chapter to discuss this side of performance management in China, but it is unquestionably a crucial issue for future reforms.

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