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### **Local Government Reform in China in the Past Ten Years: An Evaluation based on the Chinese Local Governance Innovations Awards**

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**Abstract:** This paper discusses several issues regarding innovations in Chinese local governments in the past 10 years, through analyzing past applications of the Chinese Local Governance Innovations Awards since its establishment, as well as complementary surveys. These issues include the current state, distribution, types, motivations, sustainability and impacts of local governance innovations. The research concludes that local innovations must be evaluated and analyzed against the backdrop of social and political development in China. Most innovations are incident-driven, and are enrichments and improvements to the existing system. However, innovations are distributed at different levels of the administration as well as at different departments, thus, its impact on the overall system may be weakened due to the conflicts among different levels of administration, or among different departments.

**Key Words:** Local Governance Innovations, the Past Ten Years, Chinese Local Governance Innovations Awards

\*\*\*\*\* Please note that this paper has been translated into English by a third party.

In the past 30 years since China's reform and development, the local government has played an important, but controversial role. The important role of the government is exhibited in its motivation to develop the local economy and its innovative efforts to achieve this. On the other hand, the controversial side of its role comes from the expansion of local power and the emphasis on local interests, as these conflict with central power and social rights. However, no matter how the local government is evaluated, one can safely conclude that the local government is an active agent in China's reform and development, and that its behaviors have a direct impact on the overall operation of China's systems, as well as its transformation.

This article builds on this basic judgment and further explores the innovative behaviors of local Chinese governments in the past 10 years, and is based on all of the past applications to the Chinese Local Governance Innovations Awards established in 2000, as well as complementary surveys<sup>1</sup>. It analyzes the types, forms, motivations, sustainability, impacts and promises for the institutionalization of local governance innovations. Drawing from the analysis, the article aims to provide an objective picture of the status of local governance innovations, as well as to answer the questions regarding the relations between local governance innovations and the overall structural reform and transformation.

### **1. Local Governance Innovations in China: Reality or Illusion?**

In the 1970s, American scholar George W. Downs Jr. and colleagues pointed out that "In the past ten years, innovation has become the buzzword in social sciences."<sup>1</sup> With the intensification of competition among businesses and among nations, this concept has been

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<sup>1</sup> Surveys include: questionnaires with officials and local residents in places where the 20 finalist projects in the Fourth Chinese Local Governance Awards are located, conducted in January 2008 (A), and questionnaires with the officials who are involved in the 20 finalist projects (B); questionnaires with officials and local residents in places where the 30 finalist projects in the Fifth

accepted by all sectors of society. Since the 1980s, governmental reform and innovations have become a world phenomenon, although different countries often have different reasons for carrying out reforms.<sup>2</sup>

The systematic research on innovations began with Joseph Schumpeter, a Nobel laureate in Economics, who, in his book *Business Cycles*, conceptualizes “innovation” in the field of economics through distinguishing “innovation” from “invention.”<sup>3</sup> He argues that “innovations” are ideas that can “restructure modes of production.” Scholars on governance and political innovations have been greatly influenced by Schumpeter.<sup>4</sup> Altshuler, who used to be involved in the award program of American local governance innovations, points out that innovation is a “brand new behavior” and describes it as being comprised of two basic elements: a new idea and its implementation. This belief is based on his research on the innovative behaviors of local governments in the United States.<sup>5</sup> Nelson Polsby, an American scholar, drawing from his research on the major political innovations in the United States, argues that innovations consist of three elements: scale and visibility, breaking away from traditions and sustainable impacts. Peter Spink, director of the innovations program in the Brazilian government, states that for government officials, innovations are primarily actions that have impacts.<sup>6</sup> While these definitions are from different perspectives, there are two converging themes: that innovations must be something “new,” and second, that innovations must be practices that have impacts. However, it has to be stressed that unlike private sectors, as a public authority the government’s goal in innovation is to “create public value,”(Light, 2004)<sup>7</sup> or to maintain and improve the public interest.<sup>8</sup> Therefore, governance innovation consists of three major elements: the innovative agent who has public power, the innovative practices, and the result of innovations

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Chinese Local Governance Awards are located, conducted in October 2010 (A), and questionnaires with the officials who are

that serves the public interest. These three elements are also the basic standards for evaluating governance innovations.

As for the Chinese government, reform has been a staple of the past thirty years. However, using “innovation” as the mode, means, or even value for governmental reform is a recent phenomenon that only started about a decade ago. Towards the end of the 20<sup>th</sup> century, with ever-deepening reforms, the competition among nations has become increasingly fierce. As a result, the decision-makers have started to place importance on promoting national innovative capabilities. However, innovation is mainly conceptualized in terms of science and technology. In 2002, at the 16<sup>th</sup> National Congress of the Communist Party of China (CPC), “innovation” was articulated as a value and promoted to an ideological level.<sup>2</sup> In the concluding report of the lessons learned from thirteen years of work experience since 1989, it is stated “innovation is the soul that enables a nation to make progress, the inexhaustible power for a nation to be prosperous, and the source for a party to sustain its vitality.” Since then, governance innovation has been received favorably by governments at different levels, as well as by all sectors in society.

Thus, the question becomes whether the self-identified “innovations” that have been carried out by local governments at different levels, and that exhibit various forms and contents, are genuine governance innovations or not. In one of my articles, I critique the lack of real contents in governance innovations.<sup>11</sup> A local cadre draws from his personal experience to direct our attention to some phenomena that he dubs “fake innovations,” “inferior innovations,” and

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involved in the 20 finalist projects (B).

<sup>2</sup> some research indicates that “innovation” is a new term that has been used in the Party’s Report since the reform and opening-up. See references 9 and 10.

“bad innovations.”<sup>12</sup> Without doubt, these problems do exist. However, this cannot negate the fact that there are genuine local governance innovations in China. There are two reasons for this:

(1) The achievements of the social and economic development in Chinese society are directly and closely related to the reforms and innovations in local government. Some economists, represented by Zhang Wuchang, have proven that competition among the county-level governments plays an important role in China’s rapid economic development.<sup>13</sup> Some scholars of politics and public administration have conducted case studies or done surveys, and their findings show the existence of incentives to innovate for local governments at different levels and that concrete measures to make innovations happen have been carried out.<sup>3</sup> Chinese governance innovations have also caught the attention of the international community. In her report to the Fifth Global Governance Innovation Forum held by the United Nation, Kamarck mentions innovative practices in China such as administrative approval and political system reform.<sup>16</sup> It is apparent that the vibrant innovation practices of Chinese local governments have been publicly recognized.

(2) The importance of governance innovation has been well recognized by officials from the central to local government. Since the formulation of the “11<sup>th</sup> Five-Year Plan”, promoting governance innovation has been clearly set as one of the goals of reform. Premier Wen Jiabao said in his 2006 speech, “The main task in the reform of the administrative system is to promote self-enhancement of the government and governance innovation. This is also the main content of reform of the economic as well as the political system.”<sup>17</sup> In 2008, “*Opinions Regarding Deepening Reform of the Administrative System*” was passed, setting the goals for administrative

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<sup>3</sup> Two articles have excellent summaries concerning the current status of research on local governance innovation in China. They are: *The hot topics in local governance innovation research and a preview of theories*, and *A summary of research on local governance innovation in China*. See references 14 and 15.

reform to be achieved by 2020. It states that both the central government and local government should be actively involved, and “the local is encouraged to reform and innovate in light of local reality, and under the united leadership of the central government.” Since 2009 the central government has advocated innovations in the social management system.<sup>4</sup> Encouraged by the central government, the local governments have made valuable explorations. As a result, innovation has become not only a highly valued ideology, but also common practice.

The Chinese Local Governance Awards (the Awards) were created against this backdrop of reform and innovation in the Chinese government.<sup>18</sup> The Awards have been held for five rounds since being established and 1552 innovation applications have been received from all over the country (see Table 1). To a certain degree, these projects reflect the Chinese local governments’ explorations in governance innovations during the past ten years.

Applications can be submitted through self-nomination or by referral. The majority of applications are self-nominated. There are six criteria for application: organizational applicants, voluntariness, public good, creativity, effectiveness, and timeliness.<sup>5</sup> Since most applications are self-submitted, the meaning of innovation is subjective. This is also true for the governance awards in countries such as the United States, Brazil, Mexico, and South Africa. In order to reduce the bias caused by subjective judgment of innovation, the criterion “timeliness” is used to restrict the innovations to those that have been in practice for over a year. In this way, projects that equate slogans or goals of innovation with real innovation practices are, to certain degree, restrained from applying.

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<sup>4</sup> CPC Central Committee’s suggestions on how to set the 12<sup>th</sup> 5-Year Plan to develop national economy and society, see <http://baike.baidu.com/view/4594386.htm>.

<sup>5</sup> For details see *Manual for local governance innovation in China*.



Table 1: Applications to the Chinese Local Governance Innovations Awards (in the past 10 yrs)

Period	No. of Applications	No. of Finalists	No. of Winners
1 <sup>st</sup> (2001-2002)	320	20	10
2 <sup>nd</sup> (2003-2004)	245	18	10
3 <sup>rd</sup> (2004-2006)	283	25	10
4 <sup>th</sup> (2007-2008)	337	20	10
5 <sup>th</sup> (2009-2010)	238	30	10
Total	1552	113	50

As indicated in the questionnaires completed by the relevant government officials whose innovation projects were selected in the finalists of 4<sup>th</sup> and 5<sup>th</sup> Awards, most officials consider that the “original goal” for introducing innovations is to solve problems facing the local government (Table 2). These officials proudly state that the primary feature of their projects is “originality, not a mere imitation of others or the simple implementation of instructions from above” (Table 3).

Table 2: What are the original goals for introducing innovations?

	4 <sup>th</sup>		5 <sup>th</sup>	
	#	%	#	%
1. Solve problems in work	285	72.9	307	81.2
2. Implement the central government's instructions	88	22	57	15.1
3. Strengthen the authority of the department	5	1.3	5	1.3
4. Seek funding from higher levels	2	.5	4	1.1
77. Others	8	2.0	5	1.3
Total	388	99.2	378	97.9
Sample Size	391		386	

Table 3: Evaluation Criteria for Governance Innovation

	4 <sup>th</sup> Awards %	5 <sup>th</sup> Awards %
Must be original, not mere imitation of others or simple implementation of the instructions from above	22.8%	29.9%
Must be beneficial to promote citizen’s political participation, improve political transparency, and increase citizen’s voice	34.2%	27.7%
Must have obvious, provable social benefits	22.6%	21.9%
Must be significant and influential	7.4%	8.0%
Must be beneficial and supportive to all participating parties, and thus sustainable	8.4%	10.18%
Must have adequate demonstration effects, can be promoted and imitated by other similar organizations	4.7%	2.4%
Total	100%	100%

The respondents’ understanding of their own projects’ innovativeness or creativeness is limited by the information they can access and the knowledge that they have. We cannot tell whether these innovations are “the first to be implemented or in a leading position” on the national scale, in their own administrative region, or in their own administrative system, solely based on their subjective judgment. However, about half of the respondents considered their innovations to be “self-creation,” not learned from others (Table 4).

Table 4: Where did the ideas for innovation come from?

	4 <sup>th</sup> Survey		5 <sup>th</sup> Survey	
	#	%	#	%
1. Suggested by knowledgeable leaders	226	57.8	180	48.1
2. Learned from other places	51	13.0	48	12.8
3. Innovations from the lower level	24	6.1	23	6.1
4. Selected as pilots by the higher level	28	7.2	59	15.8
5. Suggested by scholars	2	.5	7	1.9
6. Local staff members' creation	26	6.6	40	10.7
7. Others	28	7.2	17	4.5
Summary	385	98.5	374	96.8
Total	391		386	

## 2. The distribution of Chinese local governance innovations

The final declaration of the Fifth Global Forum on Re-inventing Government that was held in Mexico City in November 2003 listed seven major goals of governance innovation for the 21st century. These goals were: low-budget government, quality government, professional government, e-government, regulatory reform, and open and transparent government. Professor Yu Keping, head of the Chinese Local Governance Innovations Awards, also proposes eight goals for governance innovation in China: democratic government, government ruled by law, responsible governance, service-oriented government, effective government, professional government, transparent government, and non-corrupt government.<sup>19</sup> Despite these goals having different focuses, two themes emerge: one is to improve the government's capacity to rule in order to adapt to socioeconomic changes and ultimately bolster the legitimacy of the government; the other is to improve the government's capacity to govern by utilizing social resources to make up for the weaknesses and deficiencies in the government's rule. Although improving the government's ability to rule has always been the central goal in governance

innovation, the importance of using social resources to improve the government's capacity to govern has been acknowledged in recent years.

The Chinese government's innovation efforts follow these two directions. However, it is not easy to classify into different categories the various innovations at different administrative levels and within different departments. The Chinese Local Governance Innovations Awards divide projects into "three categories": political reform, administrative reform, and public service. Unfortunately, this standard is hard to apply, as many projects span all three categories. He Zengke analyzes the 63 finalists in the first three Awards using this standard, but he does not clearly divide these projects into the three categories. Instead, he simply lists the projects.<sup>20</sup> Alternatively, Yu Keping does not use the three categories in his analysis of the 113 finalists. Instead, he uses a much more specific criterion that divides the projects into 16 categories.<sup>21</sup> In the end, even the designer of and key personnel involved in the Chinese Local Governance Innovations Awards, cannot find an unambiguous way to categorize the many and diverse innovations.

This inconsistency arises because the organizer of the Chinese Local Governance Innovations Awards defines "government" broadly as public authorities, rather than narrowly as administrative authorities. The eligible applicants are "local party or government organs, or other legal mass organizations and social groups." Therefore, innovations in Chinese government include political-administrative reforms involving all public authorities, which exceeds the scope of activities involved in global "public administrative revolution" or "government re-invention."<sup>22</sup>

Thus, innovation in China in any department or institution that exercises public power (see Table 5) can all be called governance innovation. (1) Innovations emerge during the process

of system reform and improvement in China. Although governance innovations cover many areas, their fundamental goal is the same, to improve the functioning and vitality of the existing system. (2) The existing system is based on the leadership of the CPC and on democratic centralism. As a result, innovations inevitably involve the decision-making by the Party committees, the approval and recognition (public or acquiescent) from higher levels, resource allocation, relation adjustment, and transfer or promotion of the leaders. As such, the introduction, implementation, and evaluation of innovations are political processes. (3) Innovations are not just innovations, but are also value-laden. Such values as democracy, participation, rule of law, openness, and transparency are in accord with the trajectory of political development in China. They are the goals sought to be achieved by innovations, and are realized in innovations' implementations. However, exactly because of these values and their orientations, innovations are small in quantity and face many difficulties and resistance. The sustainability and institutionalization of innovations needs to be improved.

Table 5: Distribution of all past applications, finalists and winners in the system

Political bodies	Applications QTY	Finalists	Winners
Political Consultative Conference	1	0	0
Disciplinary Committee	12	1	0
National People's Congress	34	7	1
Others (including multi-departments, special departments, and administrative units, etc.)	57	3	5
Mass organization	70	9	4
Party Committee	186	10	10
Government/Administration	588	83	30
Total	948	113	50

Note: In this analysis, only 948 applications were selected in the sample.

Although we can hardly classify innovations into different fields, we can understand the distribution of innovations in terms of the distribution across different political bodies,

administrative divisions, and regions. The following statistics are from our analysis of the 948 applications, 114 finalists and 50 winners.

In terms of the distribution among different political bodies, out of the 948 applications, 588 are from the administrative system (including the government), which accounts for 62% of the applications. Among the finalists, 84 are from the administrative system (including government), accounting for 73.6%. As for the winners, 30 are from the administrative system, accounting for 60% of the winners. Innovations from party committees and mass organizations come next in number. It is therefore clear that even under a political system like China, government, in the narrow sense, is still the main player in innovations.

On the other hand, if the distribution is considered against administrative divisions, (including administrative levels) (see Chart 1-2), county-level and prefectural-level administrative organizations are the main applicants for the Awards. Out of the 948 projects, 405 are from the county level and 400 are from the prefectural level. At the same time, among finalists, 55 are from the county level and 48 from the prefectural level. According to the Chinese Constitution, there are only three levels of local government: province, county and township. However, in reality, it has four (or five) levels: province, (sub-provincial city), prefecture, county, and township. Prefectural- and county-level governments are considered to be the most energetic among the different levels. One reason is that they have the most intimate contact with society and constantly have to deal with a myriad of issues. On the other hand, they are relatively resourceful (including manpower and financial resources, etc.), as well as autonomous to a certain extent. These qualities make it inevitable for them to become the main players in innovation.

Chart 1: Distribution of Applications - all 5 rounds at different administrative divisions

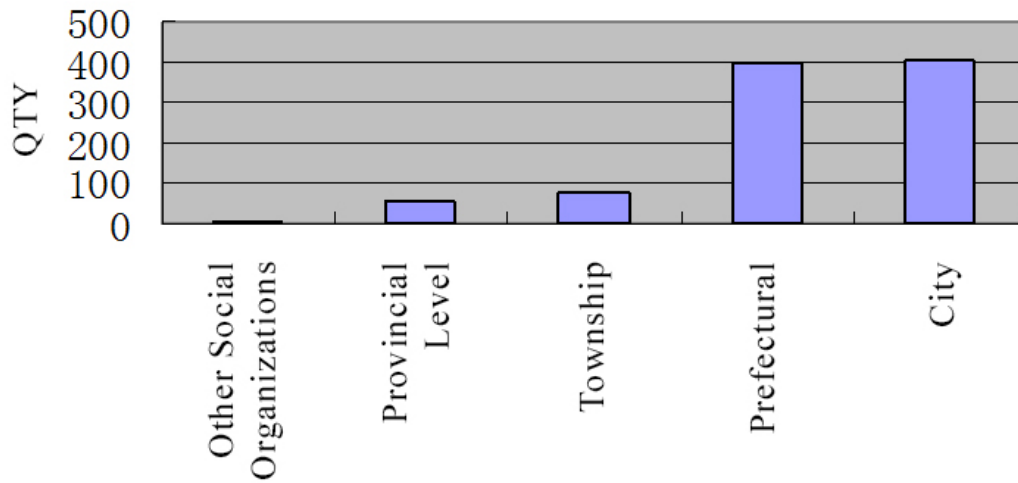
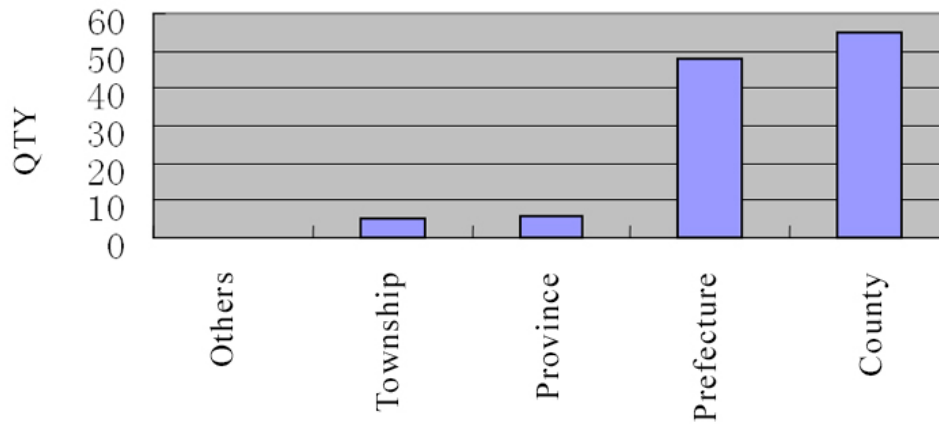


Chart 2: Distribution of Finalists - all five rounds at different administrative divisions



Within the government system (in the narrow sense), departments involved in innovations can be further differentiated. Based on data collected by the Awards, the disadvantaged departments are more motivated to innovate. Disadvantaged departments include two types. One is the departments whose legal power is not completely realized, such as standing committees of NPC and environmental protection departments. The other type is those that are

service-oriented rather than control-based, such as the department of civil affairs, the women's association and the work union. "Powerful" departments have substantial power in decision-making, resource allocation, and administrative review and approval. Their powerful position makes them relatively stable, and predicts their lack of motivation to innovate. Even if there are innovative practices, these innovations are oftentimes retrained by the interests of these departments. Conversely, the disadvantaged departments generally are not bound by vested interests. Of course, most of these disadvantaged departments often give up on innovations because of the lack of attention paid to them, which is understandable. These departments have "soft power" and "rubber stamps", and are not real "government offices."

However, these disadvantaged departments can gain "power" through innovations. They can become vitalized and even make institutional breakthroughs. The "power" transformation is induced by three factors. First, the "latent" institutional power held by these departments can be "realized." The disadvantaged status of these departments is not caused by their lack of legal power, but results from their power having been ignored or weakened in the existing system. Once these departments fulfill their functions seriously, their "legitimacy" in the existing system becomes more apparent. Second, innovations in these departments can often make up for defects in the existing system. The very "disadvantage" of these departments in effect reflects such defects. Only if they are allowed to function to their full potential can the internal balance and entirety of the government be reached. This shift can also solve the long-ignored problems of the system, so innovations from these departments have significant meaning for system reform. The third factor is that it is advantageous for officials in these departments to perform well. These departments have been inactive for a long time, with little attention being paid to them, so if officials have the intention to perform well it is easy for them to show results in a short period of



time. The leaders of these departments often say that “good performance leads to a good position,” reflecting the “lagging advantage” of these disadvantaged departments.

Statistics based on administrative regions demonstrate the pattern that “the more economically developed, the more innovations.” In all five application rounds, the top 10 provinces (see chart 3) that submitted the most applications include 7 provinces or cities from the more developed eastern areas. Zhejiang province tops the list with 99 applications. The rest are 3 provinces and cities from the central and western regions, with Sichuan province submitting 60 applications. Among the finalists, Zhejiang is again at the top with 14 innovations, and is followed by Sichuan province with 11. Among the 50 winners (see Table 6), the top three are respectively Zhejiang (6 innovations), Guangdong (5 innovations), and Sichuan (4 innovations). However, in the case of Guangdong, all of the innovations are from Shenzhen Special Economic Zone. In addition, Xiamen Special Economic Zone and Hainan Special Economic Zone each won an award.

Chart 3: Provinces that have the most applications in all five application rounds

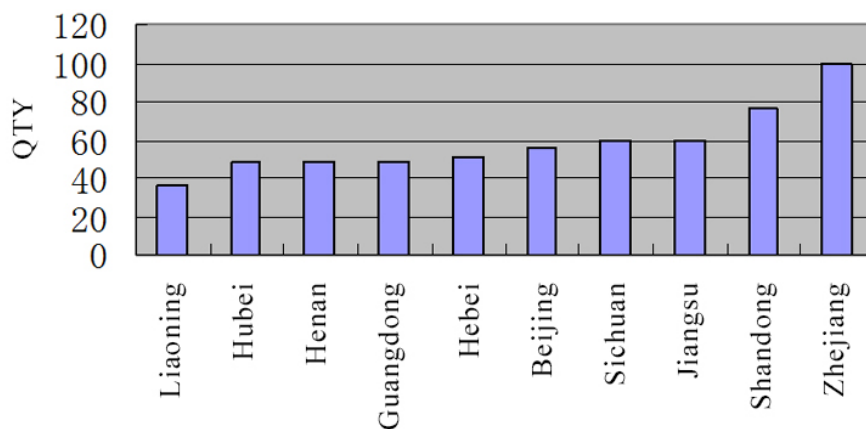


Table 6: Distribution of past winners at different administrative regions

Province	1 <sup>st</sup> Awards (2001 - 02)	2 <sup>nd</sup> Awards (2003 - 04)	3 <sup>rd</sup> Awards (2005 - 06)	4 <sup>th</sup> Awards (2007 - 08)	5 <sup>th</sup> Awards (2009 - 10)	Subtotal
Anhui	0	1	0	0	0	1
Guizhou	1	0	0	0	0	1
Heilongjiang	0	0	0	1	0	1
Hunan	0	0	1	0	0	1
Jilin	0	1	0	0	0	1
Liaoning	0	0	0	0	1	1
Neimenggu	0	0	0	0	1	1
Shaanxi	0	0	0	0	1	1
Tianjin City	0	0	1	0	0	1
Xinjiang	0	0	0	0	1	1
Chongqing City	0	0	1	0	0	1
Beijing City	0	0	1	0	1	2
Hainan	1	1	0	0	0	2
Hubei	1	0	0	1	0	2
Shanghai City	1	0	0	1	0	2
Fujian	0	0	2	0	1	3
Guangxi	1	1	1	0	0	3
Hebei	1	1	1	0	0	3
Jiangsu	1	0	0	1	1	3
Shandong	0	1	0	2	1	4
Sichuan	1	1	1	1	0	4
Guangdong	1	1	1	1	1	5
Zhejiang	1	2	0	2	1	6
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>50</b>

Further analysis demonstrates that a certain base level of material is needed for governance innovations, but the quality and ability of the local officials as well as local sociocultural factors also plays some role in bringing about governance innovations.<sup>23</sup> As far as the applications to the Chinese Local Governance Innovations Awards are concerned, smooth communication and the sensibility of local governments are crucial to governance innovations. The provinces and cities that have submitted a number of applications and won many awards are

well informed about the Awards and they pay close attention to the Awards. Taking Zhejiang as example, the Provincial Propaganda Department, along with some other departments, imitated the Chinese Local Governance Innovations Awards and established their own “Party and Political Work Innovations Model” Award in 2009. The first winners of this award include innovations that have won the Chinese Local Governance Innovations Awards.<sup>24</sup>

Similar to business innovations, governance innovations also have agglomeration effects. In the innovation process, departments from the same administrative regions or within the same administrative systems often compete, imitating and surpassing each other, which in turn fosters large scale innovations. Two factors bring about the agglomeration effects: (1) Innovation is promoted by the higher-level administrations. If the higher levels place great importance on innovation, this will motivate the lower levels to actively engage in it and compete with each other. For example, in the Fifth Chinese Local Governance Innovations Awards, Sichuan province had 11 innovations that were selected as finalists and several of these innovations were about democratic election. This is directly related to the Sichuan Provincial Committee’s emphasis on grassroots democratic reform. (2) Innovations generated from one department have led to innovations in other departments within the same administrative region or system. When a department’s innovation is approved by the higher levels or by society, it has a demonstration effect. For instance, Shenzhen produced 5 winners in the Fifth Chinese Local Governance Innovations Awards, and these winners are from different departments. Also in the Fifth Awards, 7 winners belonged to the same administrative system of Ministry of Civil Affairs, making the Ministry of Civil Affairs the administrative system that has won the most awards. This achievement is the direct result of the Ministry of Civil Affairs’ emphasis on innovations.

However, power relations can also easily sabotage competition, especially when innovations become highly valued by the higher levels or by external actors and also when higher levels need to select someone for promotion and praise. In cases like this, power relations become the deciding factor in the internal selection and evaluation. In the evaluation process of the Chinese Local Governance Innovations Awards, we encounter cases in which the higher levels order the lower-level government to withdraw their applications so as to ensure that the higher-level government can win the award. On the other hand, some individual leaders interfere in the selection of model innovations in order to boost their own authority.

Therefore, when analyzing the different types of governance innovation, while it is important to pay attention to the forms of innovation, it is even more important to look at the substance, particularly in terms of the innovation's impact on existing power relations, and the latter's attitudes toward innovation and evaluation criteria.

### **3. The types of innovations in Chinese local government**

There are many types of innovation in government. In this section, types of innovation will be examined in terms of innovation processes. We adopt this perspective because innovations are practices that span a period of time. There is an exiting body of literature on this issue. Mohr classifies innovations as two types: adoptive, which can be adopted by the government immediately; and accumulative, which can be fully implemented after a period of time.<sup>25</sup> Based on his case studies of eight policy innovations in the U.S. federal government, Polsby borrows medical terminologies to describe two types of innovations: acute and incubate. The former refers to responses to urgent problems, and the latter refers to gradual accumulative innovations. Another American scholar Walker investigates the 88 innovations in state

governments between 1870 and 1966 in the United States. He does not specifically classify these innovations, but divides the innovations into two groups based on the implementation process: creative innovations and learned innovations. Creative innovations are independent innovations, and learned innovations are new measures that are learned from other states.<sup>26</sup> In his follow-up study, Walker demonstrates that governance innovations are accumulative, meaning that they need to “stand on other’s shoulders,” and that sustainable innovation practices are achieved through learning and “creative imitation.”<sup>27</sup> Alternatively, Olivia Golden divides governance innovations into a “policy planning model” and a “groping along model.”<sup>28</sup> The former is elaborately planned and designed, and is proactive, while the latter is beneficial exploration following the natural law of organization development. Examining the 217 winners of the Innovations in American Government Awards organized by the Kennedy School at Harvard University, and the 33 winners of the IPAC Innovative Management Awards organized by the Institute of Public Administration of Canada, Borins proves Golden’s classification and further explains that some innovations are a mix of both types.<sup>29</sup>

While Chinese scholars are latecomers in studying governance innovation in China, they also attempt to classify innovations in terms of the process. Han Fuguo classifies innovation into four types: problem-oriented, system-based, advanced, and performance-based. Unfortunately, he does not provide clear definitions for these types.<sup>30</sup> Chen Xuelian divides the innovations into two types based on how the innovation is brought about. The first type refers to reforms carried out in response to crisis and problems, and comes out of pragmatism. The second type refers to learning and realization of advanced experiences, and to scientific ideas from other areas.<sup>31</sup> Alternately, Wu Jiannan and colleagues find that in the process of local governance innovations, local governments can often solve problems that cannot be solved in a “one-on-one” manner.

Instead, these problems can be solved through collaboratively carrying out multiple tasks and procedures, which is made possible by “uniting,” “merging,” and “communicating.” These scholars consider this to be the essence of innovation, which echoes Schumpeter’s definition of innovation as a “new combination.”<sup>32</sup> Overall, these respective studies have different focuses, but all of them utilize applications to the Chinese Local Governance Innovations Awards as case studies. Moreover, this also shows how people reach different conclusions due to their different perspectives, even though they all focus on analyzing the innovation process.<sup>6</sup>

My own research on innovations in government divides innovations into three categories: (1) Adaptive innovations - with the economic development of society, some technologies have been adopted by other social organizations, and the government has to adopt these technologies in order to adapt to the environment; (2) Applied innovations - the government encounters some problems in its operation and has to use certain technical solutions, while the non-government sectors have mature technologies for the government to utilize; (3) Learned innovations – government departments learn from others (including both public and private sectors) and apply the lessons to their own work.<sup>33</sup>

Generally speaking, the above-mentioned empirical studies look at the types of governance innovations from the perspective of the innovation process, so they can be supported by empirical cases. These classification efforts are highly useful for understanding innovations in local Chinese government. However, the understanding of local governance innovation from the process perspective is based on four preconditions: (1) China has a centralized system, meaning that the central government controls the creation of the system, whereas the local or the lower-

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<sup>6</sup> Some local officials also attempted to classify innovations in their speeches, such as “innovations that decentralize administrative power, innovations that utilize policies flexibly, and innovations for public service” (The speech of Li Meihua, the director of the United Front Department of Tianshui City, Gansu Province, at the 5th Plenary’s 11th Enlarged Meeting attended

level governments have a certain degree of autonomy. This setup enables the local governments in China to innovate. (2) The higher levels have established a vertical top-down learning system. The local and lower-level administration can learn from each other, or even go abroad to learn from the outside, which provides an important channel for the generation and diffusion of innovation. (3) The choice and judgment of innovations are influenced by the officials' (at different levels) understanding of innovation. (4) The introduction and wide spread use of the Internet and information technologies provide a much richer source of information and a wider knowledge base for innovations. Overall it is clear that no innovation in government is created in a vacuum of information and knowledge. Rather, it is always connected with other innovations in various ways. Because of these preconditions, local governance innovations are not “brand new” creations that are “completely different” from “the existing system”; rather they are creations resulting from mutual learning and communication.

Surveys with the local officials whose projects are the finalists of Fourth and Fifth Awards show that over 10% of the respondents consider their innovations to be “learned from the advance experiences of other places” (For the Fourth Awards, 11.8%, and for the Fifth Awards 12.8%). Respondents all indicated that they went on one or more study tours to learn from others. Study tours are often highly criticized by the public based on the grounds that some individuals use study tours as public-funded personal travel. However, organized study tours actually help the government departments that want to innovate to obtain more information, discover their advantages, and find out the conditions needed for innovation.

From the answers to the survey question about how to evaluate “governance innovations” (see Table 3), we can see that local officials do not think “newness” or “originality” is the only

standard to use in evaluating innovation. Rather, they place equal, if not more importance on criteria such as “promoting the citizens’ political participation, improving the transparency of the political system, increasing the citizen’s voice, and having obvious provable social benefits”.

Analysis of the past 113 finalists shows that 60 are original innovations, 57 are learned innovations, and 4 are the combination of both types. Original innovation means that part or the entire contents of an innovation is original nationwide, whereas learned innovations are based on similar projects in other places and then re-invented in light of local conditions. The four mixed-type innovations are: the “Public department evaluation scheme” that was submitted by the Siming District of Xiamen City, Fujian Province to the Second Chinese Local Governance Innovations Awards; the “Introduction ISO9000 Quality Control System to government offices” that was submitted by Shaoxing City, Zhejiang Province to the Third Awards; the “City residents health information system” submitted by Xiamen municipal government of Fujian Province to the Fifth Awards, and lastly the “Diversified system of public evaluation of the government” that was also submitted to the Fifth Award by the Qingdao municipal government of Shandong. These are all learned innovations because they adopt existing technologies, whereas they are innovative because the technologies are used to address local needs and problems. The creative application of existing technologies provides valuable experience to other projects in other places.

Further analysis of the 113 projects reveals that 88 projects, or 77.8% of all projects, are mere “implementations”. Many original and learned innovations can be grouped into this category. Surveys with local officials in the Fourth and Fifth Awards show that “implementing the central government’s instructions” is the second highest reason for the introduction of an innovation (22.8% and 15.1% respectively for the Fourth and Fifth Awards). “Implementation”



innovations have two forms. One is the response to the central government's specific goals or policies. For example, when "service-oriented government" and "democracy within the party" were promoted, local governments made many valuable explorations in these areas. The other response is the realization of the specific demands of the central government or of the higher levels. A typical example of this type is pilot innovation. The first type of response is comparatively more explorative. One reason for this is because there is no existing model to follow and often times the central government and the higher levels do not express clear approval or provide concrete support. When asked about what type of "outside support" they want most, the officials put "approval from leaders (higher-level departments)" at the top of their lists. In addition, when asked about what factor affects the length of time elapsed between ideas of innovations and the implementation of innovations, officials also considered the most important factor to be "approval from leaders (higher-level departments)." In answering another question on "how to prove an innovation is successful," the officials again ranked "approval from higher levels" at the top (40.8% for the Fourth Awards and 45.3% for the Fifth).

Innovations can take three forms: institutional innovation [*ch. zhidu chuangxin*], process innovation [*ch. jizhi chuangxin*], and technology innovation [*ch. jishu chuangxin*]. If the 113 finalists are analyzed against this criterion, it further demonstrates that local governance innovation is an improvement to the existing system. Institutional innovation refers to the establishment of a new system or breakthrough in the existing system. Process innovation refers to the establishment of new procedures, processes or sectors, improvements in resource mobilization, allocation, and utilization. Lastly, technology innovation refers to the application of new technical means or tools. Among the 113 projects, 38 are institutional innovations, 112 are process innovations, and 43 are technology innovations. All of the 38 institutional

innovations have components of process innovations. Out of the 112 process innovations, 43 have technology innovation components. Additionally, 7 projects have involved three forms of innovations (see Table 7). This is to say, process innovations are inevitably involved in institutional innovations. There are no pure technology innovations, but instead they are always concomitant with institutional or process innovations.

Table 7: Innovations involving all 3 forms of innovations (institutional, process, and technology)

Project Name	Institutional Innovation	Process Innovation	Technology Innovation
Purchasing system in Nanning municipal government of Guangxi (2001-2002)	Purchasing system	Work procedure	Information platform
Administrative review and approval system reform in Shenzhen, Guangdong (2003-2004)	Administrative review and approval system	The procedure of review and approval in relevant departments	Information technology
“Open election” [ <i>ch. haixuan</i> ] in village committee of Lishu County, Jilin (2003-2004)	Village committee election	Election procedure	Private ballot booth
“New rural cooperative medical care system” in Qian’an, Hebei (2005-2006)	Rural cooperative medical care system	Reimbursement procedure	Information technology
Rural health management system in Qianjiang, Chongqing (2009-2010)	Rural health management system	Hospital management system	Information technology
Health information system of the citizens in Xiamen municipal government, Fujian (2009-2010)	Urban health management system	Inter-hospital information sharing system	Information technology
Crime prevention and reduction system in Committee for Comprehensive Social Management in Pudong, Shanghai (2009-2010)	NGO	Government’s funding for NGO and supervision system	Information technology

In sum, the analysis indicates that local Chinese governments do not consider innovation simply as “something new”, but instead value learning. Local governments are limited in their ability to “create the system,” and they have to receive support and approval from the central and higher level government. However, there is a lot of potential for process and technology innovations.

#### **4. The motivations and the sustainability of local governance innovations in China**

What are the motivations behind local governance innovation? This question has received extensive attention. Some argue that since the selection and appointment of officials are decided by the higher-level administration there is not enough motivation for local governments to innovate. Others argue that with the ever-increasing presence of new problems the local governments are forced to innovate in various fields.<sup>7</sup> These two opinions reflect two different understandings about what motivates innovation. The former deems that the motivations come from within the system, especially through the selection and evaluation of officials, so sees that innovation is induced by the system. On the other hand, the latter believes that motivation to innovate comes from changes in society, so is prompted by society.<sup>36</sup>

Since innovations are distributed at different levels and departments, they are disconnected and non-systematic. Consequently, the two above-mentioned arguments need to be explored more specifically. We need more information on what motivates local officials to innovate because they are the decision-makers and executors of innovation projects, and their motivations and behaviors have a direct impact on innovation projects.

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<sup>7</sup> See references 34 and 35.

Studies of innovators are based on the concept of “entrepreneurship.” As such, government officials are called political or public entrepreneurs. Government officials often lack an adventurous spirit, and instead value following rules. However, some more innovative officials will break the custom in order to vitalize the system when their goal cannot be realized collectively.<sup>37</sup> Additionally, in a narrow sense, some scholars point out the similarities shared by the public and private entrepreneurs. Like the latter, the public entrepreneurs manage and reform the government based on the rule of cost and benefit.<sup>38</sup> The new public management movement advocates exactly this form of governance innovation.

In China, the tradition of the rule of man still runs deep. “A single hand” [an authoritative leader] has tremendous power and influence. Therefore, the innovators have a great impact on governance innovations. Many cases have shown that the key factors to successful innovation projects are the officials’ proclivity for innovation and their capabilities. Not surprisingly, the transfer of officials to other places is the determining factor of the discontinuance or change of existing innovation projects.<sup>39,40,41</sup> Kenneth W. Foster’s study of the “service commitment system” in Yantai proves that enterprising officials play a very influential role in bringing out and advocating innovation policies.<sup>42</sup>

Our surveys show that about half of the respondents considered ideas of innovation to be “first suggested by some knowledgeable leaders” (57.8% for the Fourth Awards, and 48.1% of the Fifth Awards). As for answers to the question “if others want to adopt your innovation, what do you think are the most important conditions they need to have for successful adoption,” most respondents chose “a decisive leadership team” as the most needed condition (63.6% for Fourth Awards, and 58.4% for the Fifth Awards).

Motivations can be categorized into three types: structural, personal, and incident-driven. Structural motivations come from the existing system, meaning mainly the selection and evaluation system for officials. Personal motivations refer to the individual officials' work ethics, values and career planning. Incident-driven motivations refer to the problems faced by officials, especially when problems urgent as they often manifest themselves in crises.<sup>8</sup>

All three types of motivations are present for every innovator. However, in specific innovations, their impacts and forms are different. Unfortunately, due to the lack of data to determine whether the innovation projects are directly related to the innovators' promotion, it is hard to evaluate how structural motivations have impacted innovations. However, since all finalist projects have been praised (i.e., they have been set as a model of advanced experience and as such they are introduced and promoted, as well as studied by outside observers), and their implementations are in accordance with the central government's ideologies concerning reform and innovation, structural motivations at least have the effect of regulating and guiding the innovators' choices.

Compared to the structural motivations, personal or incident-driven motivations are more evident when analyzing finalists in the past 10 years. The existence of personal motivations can be proven in that respondents agree most innovative ideas "are first suggested by some knowledgeable leaders." It is generally agreed that the officials' intention to perform well is the main motivation behind innovations. However, this is not sufficiently supported by our surveys with officials. When asked about "what results can prove an innovation is successful,"

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<sup>8</sup> According to her analysis of the 154 applications in the fourth Chinese Local Governance Innovations Awards, Chen Xuelian divides the innovations into two types based on how the innovation is brought about. The first type refers to reforms carried out in response to crisis and problems, out of pragmatism. The second type refers to learning from others and the realization of others' advanced experiences and scientific ideas. Most innovations are the first type. For example, innovations that are brought about to solve financial crisis, performance management crisis, trust crisis, and social conflicts account for 61.7% of all applications. This, on the one hand, demonstrates that local governments in China have flexible room to solve conflicts and crisis,

respondents listed “receiving support from higher levels” and “the enthusiastic support from the masses” above “the promotion of the main project leaders.” Evidently, “promotion” is not a direct benefit to the innovators from their innovation practices.

On the other hand, our investigation shows that the influence of incident-driven motivations is most evident. The top answer to the question about the original goal of innovation was that it is “to solve issues rising at the time.” Our analysis of the 113 finalists clearly shows that the introduction of most innovation practices is directly linked to a specific incident or crisis in the local area. However, it is interesting that despite the respondents considering “solving issues rising at the time” as the primary goal of innovations, in their answer to “what results can prove an innovation is successful,” they considered “receiving support from higher levels” and “enthusiastic support from the masses” as more important than “solving issues rising at the time.” This separation of the goal and result on the one hand demonstrates that the respondents evaluate the results of innovation from a more extensive point of view, but on the other hand indicates that incident-driven motivations do not last long. Normally incident-driven motivations only have an impact at the beginning, but do not persist through the process. Thus, the influence of personal and structural motivations lasts longer than incident-driven motivations.

Since personal and structural motivations have longer effects, they are directly associated with the sustainability of innovations. This brings us back to the issue of sustainability. Some scholars point out that many projects that won the Awards have been discontinued, and thus demonstrate a lack of sustainability.<sup>43</sup> The standard used by these scholars to evaluate sustainability is whether the innovation is continued in the places where it originated. Undoubtedly this is a direct evaluation, yet the diffusion of innovations should also be

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but on the other hand, it shows that the administration often faces attack and challenges. See reference 31.

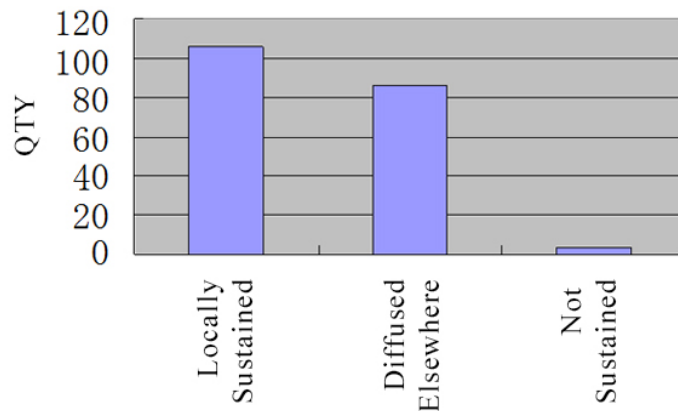
considered in the evaluation of their sustainability. To a certain degree this is even more important than the continuance of the program because the impacts of innovations will only be fully realized,<sup>44</sup> when other places and government departments adopt them. Moreover, the diffusion of innovations can further induce potential social and technology transformations.<sup>45</sup> In the context of a transforming system, as well as diversity in local situations and local departments, the degree of diffusion of innovations is a better indicator of the innovations' potential to be institutionalized or applied.

Out of the 113 finalists, 106 projects have continued to operate in places where they originated, with 86 innovations being continued in other places through diffusion. There are only 3 projects that did not have any sustainability (See Chart 4). These three projects are respectively: the “Three rounds two ballots” project for electing the mayor in Dapeng Town, Shenzhen city, Guangdong province; the “Home for the migrant workers” in Longhua District, Haikou City, Hainan Province; and the “Direct election of the township Leader” in Buyun Township, Town Center District, Shuining City, Sichuan Province. The two election innovations were discontinued because they did not have the support from the Constitution. And the “Home for migrant workers” was discontinued because re-planning of the city resulted in the loss of a venue for the home.

Our investigation indicates that most officials do not think the leave of the main project leader will cause the termination of the project (94.2% for the Fourth Awards, and 98.6% for the Fifth) if the innovations have already received the support of the local residents. This finding runs contrary to conventional wisdom, however, as the organizational committee of the Chinese Local Governance Innovations Awards conducted this study, the objectivity of the responses

may be compromised. In spite of this, if we take the diffusion of innovation into consideration, we can be more optimistic about the sustainability of the local governance innovations.

Chart 4: Sustainability of the finalists



## 5. The impact of local governance innovation in China

The local governance innovations are implemented through projects; however, due to the nature of public power their impacts are not limited to these specific projects. The introduction and realization of an innovation can have an impact on politics, the economy, society and cultural values in the local sphere, or even on a larger scale. The degree and the area of the impacts varies with innovations. Generally speaking, local governance innovations should improve relations between the government and society, as well as the legitimacy of the regime. This connection has been proven by governance innovation in many countries, and in a country like China that is transforming rapidly, this effect is even more evident.

Based on reform experiences in China, people have high expectations for the impact of local governance innovations. First of all, local and grassroots administrations are considered to have a pioneer spirit and can vitalize the system and fill its gaps through self-innovations.



Secondly, the “pilot-promotion” model provides the conditions and channels for local innovations, which then facilitates the diffusion and institutionalization of local governance innovations. The establishment of the Chinese Local Governance Awards reflects this expectation to some degree.

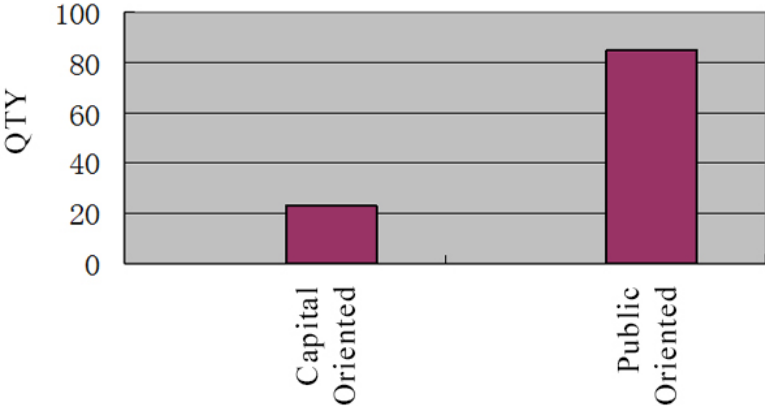
Some empirical studies also demonstrate the positive impacts of local governance innovations. He Zengke’s study of the 63 winners in the first three application rounds of the Awards shows that the innovations boost political legitimacy. In particular, they strengthen the legitimacy of the local administration. If they cannot be promoted in a larger scale or even nationally, then their impact will only be limited to local areas.<sup>46</sup> The study by Wu Jiannan and his colleagues, on the other hand, points out the realization “win-win” situation is the main factor for local governance innovations to succeed.<sup>47</sup> This proves that success can benefit multiple stakeholders.

Moreover, for the 50 finalist projects in the fourth- and fifth- application rounds of the Chinese Local Governance Innovations Awards, we have surveyed the local residents who reside in the areas where the innovations are implemented and officials who are involved in these projects. As shown by the surveys, the two highest-ranking criteria for evaluating the innovations are respectively: “promoting the citizens’ political participation, improving political transparency, and increasing the citizens’ voice” and “having obvious provable social benefits.” Also, the survey with the officials indicates that for the officials, the two greatest significances of their projects are “improving the management performances” and “encouraging public participation and increasing public recognition.”

Further analysis shows that both officials and local residents tend to evaluate innovations in economic terms. When asked about “what are the problems the governance innovations should

aim to solve,” most respondents choose “improve the efficiency” (53.8% for the Fourth and 49.6% for the Fifth). This echoes with their choice of answer to the question “how to evaluate government,” for which, most respondents choose “developing economy and improving people’s living standard.” Some studies show that institutional innovations are adopted only when they improve efficiency, and are accepted by the established power.<sup>48</sup> Out of the 113 finalists, 92 innovations involve innovations in public administration and public service. Out of these 92, 23 innovations are directly or indirectly “capital-oriented” (see Chart 5), meaning attracting outside investment and developing local economy. This also shows that on the one hand, people hope governance innovations can have positive political results, such as increasing public participation, transparency and voice of the citizens. However on the other hand, when evaluating the results of reforms in government, they tend to make their judgment based on the economic impacts or material benefits.

Chart 5: Orientation of Innovations in Public Administration and Public Service



Local governance innovations generally improve the relations between government and society, and increase the efficiency of government operations. However, because innovations are implemented by specific government departments in the form of specialized projects, two relations merit close examination in the process of improving the relations between government and society. One is the relation between the local government and the higher level, or central government. The other is the relation of the innovating departments with the administrative divisions or with the administrative systems; that is the relation with a “horizontal” division or with a “vertical” system respectively.

As for the first relation, local governance innovations do not necessarily improve the relation between the local government and the higher-level or central government. This is particularly true for those explorative and pioneer innovations that have very complicated and intricate influences. Both case studies and questionnaires indicated that approval and support from higher levels are important factors for local governments to introduce, develop and spread innovations. On the flip side, this also means that the ambiguous attitudes of the higher levels, or their objections, are also key factors that often lead to the disruption of innovations. For example, some self-generated innovations challenge policies and regulations set by the higher-level or central government, or sometimes the innovators do not obey demands from their leaders. In cases like this, these innovations do not receive sufficient support from within the system. In fact, many innovators have a propensity for individualism. They do not accept knowledge without careful consideration or unquestioningly obey their leaders. Consequently, innovations like this, even if they are successful, often do not improve relations between the local government and the higher-level or central government. Moreover, when innovations are responses to social demands and are well received by the public, the objections from or

ambiguous attitudes of higher levels will instead weaken the authority and even legitimacy of the higher levels.

When departments implement innovations, they have to deal with both “vertical” and “horizontal” relations. With regards to the “vertical” relation, innovating departments have to accept the leadership of higher levels within their administrative system. With “horizontal relations” they must follow the political leadership of the local party committees and the local government. Surveys of officials indicate that the most important factor leading to the disruption of innovations is that “the ministry’s interest is adversely affected by the reform.” This clearly shows the influence of the “vertical” system. On the other hand, since the funding for most departments is from the local fiscal budget and local party committees control human resources, the “administrative division” has more influence over innovation practices in departments. For example, even when a certain “administrative system” internally has specific requirements for innovation, the realization of innovation depends on the extent of support that is received from the local government. On the other hand, local governments are not completely happy with the “vertical system.” Local government’s frustration is most evident in innovations involving function adjustment, or when departments merge or are disbanded. Since the “vertical system” does not want its own institutions to be disbanded at the local or grassroots levels, the departments that have been merged will have a hard time receiving resources from the “vertical system.”

Considering the complexity of their relations, the discussion of the impacts of local governance innovations on legitimacy has to be further differentiated in terms of scale and level. He Zengke’s study discusses how the diffusion of innovations impacts legitimacy. He argues that legitimacy will not simply be transferred from the lower to higher levels, or from the parts to the

whole. In other words, under the Chinese system that has multiple levels and departments, the legitimacy gained at each level and department does not add up and translate to the entire system. Sometimes innovations may improve the legitimacy of lower-level departments, while weakening the legitimacy of higher levels or other departments.

As a result, local officials generally hold the view that the two most effective ways of promoting innovations in government are firstly “interaction and collaboration between lower and higher levels, and between grassroots and the central government” and secondly “from higher to lower levels, and from the central government to grassroots government.” These two options are ideal for the two relations mentioned above. The former emphasizes interactive cooperative reform, and the second emphasizes executive vertical reform. Both express hope for the institutional support that is needed for innovations. Although the former is better, the latter is often easier to realize.

## **6. Discussion and Conclusion**

The Government is the executor of public power, so its behavior impacts all aspects of social life. As social life becomes more and more complicated, interdependent, uncertain, and insecure, the roles and functions of the government become an increasingly significant issue. In discussing political administrative transformations in the 21<sup>st</sup> century, Fukuyama points the debate on the roles and functions of the government as a key element. However, in the post-September 11<sup>th</sup> era, the debate on the roles and functions of government is no longer the most important issue in international politics. Instead, the focus is now on state building because the decline of states is not the pathway to an ideal world, but rather, is a portent of disaster.<sup>49</sup> In the

past ten years, the promotion of innovation by countries around the world reflects the movement of state building.

China is no exception. In the past 10 years, four major changes in four different areas of the Chinese political system have happened: (1) State building has shifted its focus from pure economic development to the harmonious development of the economy, society, politics, culture and ecology. The goal of building a modern socialist state has shifted from “prosperity, democracy and civilization”, to “prosperity, democracy, civilization and harmony.” (2) In terms of party building, ideologies and measures have completed the transformation from those of a “revolutionary party” to those of a “ruling party.” The Communist Party is now exploring new methods and channels to consolidate its ruling position and to adapt to the new environment. (3) Social differentiation and restructuring have deepened. Old organization forms are in decline, new civil social organizations are growing, and some traditional organizations are in revival. However, a vacuum of organizations has emerged and underworld/triad forces have become rampant in society during this transition. (4) The goals for reforming the government (in the narrow sense) have become increasingly clear. Goals like “rule by law government,” “democratic society,” “non-corrupt government,” and “service-oriented government” have been gradually formulated and the goal is to build a relatively mature socialist administrative system with Chinese characters by 2020. The aim is to realize the fundamental transformations of government’s functions to pave the way to a good environment for development, quality service, and social justice. Other goals are the fundamental transformation of the government’s organizational structure and staffing to be more scientific, standardized and legalized, and the transformation of the government’s operation and administration to become more standardized

and orderly, open and transparent, convenient and efficient. Lastly, a goal is to build a government that citizens are satisfied with.

In this context, the Chinese local governance innovations develop their own features and mechanisms. The analysis of Chinese Local Governance Innovations Awards in the past 10 years demonstrates that the party administrative system is the main agent for local governance innovation; the party administrative system at the prefecture- and county- level is the most active. Governments in the more economically developed eastern areas are more inclined to innovate. The primary goal of innovation is to solve problems faced by the local governments. Innovation is not a separation from the existing system, but an enrichment or improvement to the existing system. Innovators are the most active element in the process of innovations, and the support from higher levels is the key factor for the sustainability and development of innovations. The sustainability of innovation is both the continuance where it originated, but also diffusion to other places. Generally speaking, the local governance innovations improve the relation between the government and the society. However, some innovations create conflicts among governments at different levels or among different departments, which in turn weakens the legitimacy of the entire system.

This study is mainly based on the applications and winners of the Chinese Local Governance Innovations Awards in the past 10 years, as well as questionnaires that are conducted in places where the finalists of the Fourth and fifth Awards belong. As a result, this research is limited by the scope of the Awards. However, the cases have a long time span and are widely distributed, thus the findings are quite representative.

There are a few issues that cannot be fully answered by this research. They are listed here for further discussions:

1. From the case studies, we can determine the mechanism of sustaining innovations where they are generated, however, we do not have sufficient data to demonstrate how they spread.
2. The study mainly focuses on the innovations that are successful (or the ones that last for a period of time), but does not have sufficient analysis for the ones that failed.
3. The innovators are the most active agent in the process of innovation, yet they are poorly studied.
4. Governance innovation has become a commonly accepted idea, but innovations' impacts on government at different levels and on different departments need further explorations.

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