Public-private Partnership (PPP): Service Model Innovation for Entry-exit Inspection and Quarantine Bureau in China

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Abstract. Under transitional economy how to improve the performance of public administration has become an urgent problem for Chinese government. The China Entry-exit Inspection and Quarantine Bureau (CIQ) is a specialized official department that is responsible for various inspections, quarantine and related managerial activities for import-export products as well as persons and provides the corresponding inspection and quarantine certificate according to government regulations and international rules. In the paper, taking Guizhou Entry-exit Inspection and Quarantine Bureau as a case, we explore how to establish new service model to provide better and more efficient services to the import-and-export enterprises. According to the results of field survey, this paper suggests that entry-exit inspection and quarantine center should be set up to provide more value-added and customization services in which Public-Private Partnership (PPP) model can be employed to integrate the inspection activities into production processes.

Introduction

Under transitional economy in China from planning to market economies, enterprises are the central of the market while government has to reposition its role and status. Thus how to improve the performance of public administration has become an urgent problem for Chinese government. Until now, many scholars have discussed this transition from public management domain [1,2], but few studies explore this problem from business administration perspective, let alone service model innovation [3]. Indeed, to construct service-oriented government is a long process that needs to change the current operation processes completely and establish new service model to meet the enterprise demand. In the paper, taking Guizhou Entry-exit Inspection and Quarantine Bureau as a case, we explore how to develop new service model to provide better and more efficient services to the local import-and-export enterprises, and help to promote their sustainable development. First, field survey was employed to investigate the satisfaction to CIQ and the demand of local import and export enterprises, and then according to the results of survey, this paper suggests that entry-exit inspection and quarantine center should be set up to provide more value-added and customization services. Public-Private Partnership business model can be employed to integrate the inspection activities into production processes to avoid the losses of terminal products.

Function of CIQ

The China Entry-exit Inspection and Quarantine Bureau (CIQ) is a specialized official department which aims to deal with entry-exit of goods and personnel affairs. It is responsible for various inspections, quarantine and related managerial activities for import-export products as well as persons and provides the corresponding inspection and quarantine certificate according to government regulations and international rules. CIQ is usually responsible for import-export health quarantine, animal and plant quarantine, and commodity inspection. In China, CIQ plays a
significant role in strengthening the management of entry-exit of commodities and personnel, which is a vital part to enhance the scientific and rational management skills for national inspection agency for import and export. To better exhibit the function of CIQ in China, here in this thesis, we divide all their activities by Porter’s value chain that includes primary activities and supporting activities. Figure 1 shows the general function of CIQ. As shown in Figure 1, the major tasks and goals of the CIQ can be grouped into four aspects. Firstly, CIQ inspects and supervises the quality and safety of import and export commodities. It regulates the behavior of inspection and supervision of the branches in each province and protects the legitimate interests of all parties associated with import and export to ensure the rapid development of China’s foreign trade. The second function is in charge of the supervision and management on import and export of animals and plants in order to protect the ecological environment especially by preventing the spread of harmful bacteria and virus. The third one is to carry out the inspection and quarantine to the entry-exit persons, transportation luggage and parcels to prevent the safety of the country as well as the spread of infectious diseases. Finally, it helps establish related systems according to the rules of WTO and take effective measures to break the technical foreign trade barriers [4].

![Figure 1. Function of CIQ.](image)

**Survey on CIQ Service and Enterprise Demand**

In order to improve the service of CIQ, we need to investigate the demands of import and export enterprises to further provide the principles for the service innovation of CIQ. Therefore, in this paper, empirical study method was employed to investigate the satisfaction to Guizhou CIQ. This survey approaches mainly include questionnaire and in-depth interview. The main questions in the questionnaire are including:

1. To what extent are you clear of the import and export policy?
2. Which channel does your company get to know the relevant laws and regulations?
3. How often do the officers of Guizhou CIQ proactively explain the relevant laws and policies to your company?
4. Which way do you think it more efficient for Guizhou CIQ to communicate with your company?
5. Did your company’s export business once be affected by foreign technical trade measures?
6. Which way does your company obtain information of foreign technical trade policies?
7. What are the main obstacles for the export business?
8. To what extent does your company understand the national standards relevant to the import and export of goods?
9. What kind of policy do you expect Guizhou CIQ to explain in the policy statement?
What kind of services does your company currently receive from Guizhou CIQ?
How do you assess the service level of Guizhou CIQ?
What other kind of services do you think Guizhou CIQ should provide?

The survey was conducted from July to October, 2016. According to the statistical information, there are altogether 113 import and export companies in Guizhou. In this survey, we first made a phone call to each firm to explain the purpose of this survey, and then the questionnaire was emailed to them with a letter of thanks. All these enterprises agreed to answer the questionnaire honestly after they understood the final objective of this study. Fortunately, we collected all 131 questionnaires. The findings from the interview section not only help to assess the objectivity of the responses from the questionnaire, but also provide the opportunity for respondents to further discuss some significant issues that are difficult to be collected by the questionnaire.

The main findings of the survey are as follows: (1) asymmetric information between CIQ and trading enterprises is a serious problem in Guizhou. By the questionnaire, we find that most of these companies do not understand much about the import and export policies, standards and laws; (2) according to the field survey, most businesses hope Guizhou CIQ to public the latest preferential policies on import and export business as well as the information about classification management and convenient customs clearance. Meanwhile, they consider that it is necessary for Guizhou CIQ to provide the various training especially on relevant standards for export target countries, inspection and quarantine service for the key stages in the production process, technical guidance and advice on technical trade disputes with foreign countries.

Service Model Innovation for Guizhou CIQ: Public-Private Partnership (PPP)

According to survey, we may find that CIQ in China are facing with many new challenges and need to reform immediately. First, CIQ should try its best to provide up-to-date information, technical guidance as well as some helps on trade disputes with foreign countries so as to reduce the losses of entry and exit enterprises. Second, in order to make enterprises better understand the relevant provisions, the import and export policies, national standards, laws and regulations also need to be offered. Third, CIQ could provide inspection and quarantine service for the key link in the production process, which may cut down unnecessary waste caused by failure to meet the national standards. Fourth, Guizhou CIQ should strengthen the certification work, establish the mutual recognition mechanism with foreign authoritative certification bodies, and implement international standardization strategy so that it can keep up with the development of the times and consistent with foreign standards.

Considering the problems of CIQ, in this paper, a new service model namely Inspection and Quarantine Service Center (IQSC) is proposed to provide the service to trading enterprises more efficiently. As Qiu (2014) suggested, CIQ should transfer from supervision government to service-oriented one. This reposition of CIQ can lay the theoretical foundation to the CIQ reformation. According to the field survey, to enhance the efficiency of exit-entry commodities inspection and shorten the inspection duration, CIQ may transfer from implementation of inspection and quarantine activities to the regulatory and supervisor role, leading to the separation of “referee” and “athlete”. To achieve this goal, this paper suggests that Public-Private Partnership (PPP) model should be introduced to IQSC, in which public good attribute as well as the market efficiency may combine to provide better service to the enterprises. Figure 1 shows the ownership of IQSC and its property.

As shown in Figure 2, PPP is a form of cooperative relationships between government, for-profit enterprises and non-profit organizations based on a particular project. As a special type of contractual arrangement between public sector and private sector [5,6], PPP aims to achieve common goals, mutual benefits, power sharing, co-operation and information-sharing between public sector and private sector. Through this cooperation, the parties can achieve more favorable results than they operate alone [7]. Thus Public-Private Partnerships (PPP) has been widely applied in various fields [8].
In this study, PPP model is employed to establish the Inspection and Quarantine Service Center (IQSC). This center is the integration of public and private attributes. IQSC may keep some compulsory services by the state government and only charge very-low price for them. Thus the ICSC still plays the basic role in inspection market. In addition to the compulsory services, on the other hand, IQSC can provide many customized services to support these enterprises development. These activities represent the private property of IQSC since all these services are market-oriented and can be priced by the market mechanism. From the empirical study, we may find that many firms suffered from the lack of process inspection or quarantine monitor. Therefore, for these enterprises, in order to avoid the final huge losses, inspection and quarantine should be moved ahead to the production process, rather than only for the final product. Of course, the CIQ also works as a supervisor to all value-added services. However, despite of many advantages for PPP ownership, there are still shortcomings in the real implementation. For instance, due to some different interests, PPP may bring about the increasing of negotiation cost or internal transaction cost between government and private enterprises [9,10]. In PPP model, the government transfers most or part of the risks of public utility construction and operation to private sector. Therefore, if these risks cannot be well overcome, they not only destroy the reputation of enterprise, more importantly, but also to the government.

**Conclusion and Further Research**

Facing with the severe challenges from international and domestic market, it is urgent to build service-oriented government to support the upgrade the Chinese economy. This paper explores the service model innovation for Inspection and Quarantine Bureau. According to the empirical study for various firms, we discuss the necessary to build Inspection and Quarantine Service Center (IQSC), in which Public-Private partnerships ownership model should be employed to satisfy its quasi-public attribute. Further study may continue to analyze the critical issues in implementing PPP in Inspection and Quarantine Service Center such as organization structure, service procedure reform, performance assessment, and incentive system.

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References


