

Stay or Exit: How do International NGOs Respond to Institutional Pressures Under Authoritarianism?

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Abstract

International non-governmental organizations (INGOs) are increasingly important players in global politics and development. However, they are undergoing significant adaptations as governments worldwide have instituted restrictions to regulate their activities. What explains the various ways in which they respond to these institutional pressures? In our study of INGO responses to a new restrictive law in China, we identify four strategic responses with varying levels of compliance: legal registration, provisional strategy, localization, and exit. The institutional pressures—strategic responses link is influenced by INGOs' adaptive capacity, which is in turn shaped by an organization's issue sensitivity, value-add, government ties, and reputational authority. The integrated framework we develop for INGO strategic responses can shed light on state-INGO relations in other countries, many of which are subject to increasingly stringent regulations and a closing political environment.

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Introduction

INGOs are formal NGOs registered in one country and have programs and/or offices in other countries (Shieh & Knutson, 2012)¹. They have been critical institutional players in their home countries and abroad, and are generally thought to spread liberal norms, encourage democratization, and foster development (Dietrich & Wright, 2015; Schmitz & Mitchell, 2016).² However, as an increasing number of regimes experience constricted civil society space, NGOs have seen their activities curtailed. INGOs, in particular, are suspected of being backed by foreign powers with vested interests, infiltrated by these interests, or serving as covers for covert activities (Howell et al., 2008). Governments worldwide have thus implemented restrictive regulations to monitor INGOs' activities. As Dupuy, Ron, and Prakash (2015) show, nearly half of the world's states have passed more restrictive NGO laws. This regulatory crackdown is still occurring and stands in contrast to international efforts during the 1980s and 1990s to create more liberal NGO laws. Given the changing political environment, how do INGOs respond? What factors explain the variation in their responses?

The regulatory crackdown is particularly salient in authoritarian regimes where organized periodic free and fair elections are absent and civil society's vertical linkages with the state rather than horizontal networks with society are encouraged (Heiss, 2019). Authoritarian regimes must balance the risks and benefits of civil society and thus face the dilemma between liberalization and control (Plantan, 2021). When the perceived threat outweighs benefits, the logic of control

¹ Scholars have used various terms to describe INGOs, such as "global civil society" (Anheier, 2007), "transnational advocacy networks" (Keck and Sikkink, 1998), and "transnational civil society" (Price, 2003). Despite the variety of labels, INGOs are a subset of NGOs or third sector organizations.

² The INGOs in this study are considered to embody liberal Western values, but not all INGOs play a liberal or democratizing role. See Bromley, Schofer, and Longhofer (2019) for a discussion of illiberal NGOs headquartered in nondemocratic as well as in Western liberal contexts.

prevails. In China, for example, the government has enacted new regulations that restrict NGO activities rather than facilitate civil society growth and political liberalization (Spires, 2020). In 2016, the government passed the *Law on Administration of Overseas Nongovernmental Organizations in China* (hereafter INGO law)³, which establishes a dual management system for INGOs operating in China, requiring INGOs to find a Professional Supervisory Unit—usually a thematically relevant government agency or mass organizations (*quntuan zuzhi*)—that agrees to supervise the INGO’s work before it can formally register. Depending on the scope of operation, INGOs can decide which administrative level—ministerial or provincial—to register with (See article 3 of the INGO Law). The Law also shifts INGOs’ registration and supervision from the Ministry of Civil Affairs to the Ministry of Public Security, which can vet an INGO’s work plans, annual reports, funding, and personnel. The introduction of China’s stringent INGO Law provides a “pre-post test” to study variation in organizational responses to an exogenous institutional “shock.”

Scholars have examined the impact of the INGO law and associated institutional pressures on INGO operations (Li, 2020; Nie and Wu, 2021; Sidel, 2019). For example, Noakes and Teets (2020) show that under state influence, INGOs tend to work with policymakers and NGOs with solid government affiliations rather than with citizens and grassroots NGOs, and they develop pilot projects to influence policy. This research was primarily conducted when the Law was just implemented (2018) and thus sets up the “pre” findings of INGOs’ responses to the Law. Li (2020) examines the political logic of the INGO law in practice and argues that China’s de-

³ The law came into effect on January 1, 2017. Some use the term Overseas NGOs to refer to overseas groups, including NGOs headquartered Hong Kong, Macau, and Taiwan, whereas others use the term INGOs. We adopt the latter.

centralized bureaucratic structure caused two similar INGOs to vary in their scope of operation. These studies highlight INGOs' precarious position in the face of authoritarian practices of restriction and suppression. However, it remains unexplained whether and how INGOs' responses to these restrictions vary after five years of implementation.

This study analyzes INGOs' strategies in response to the INGO law and the shrinking space for civil society. We draw on institutional theory and the Exit-Voice-Loyalty framework, adapting them to authoritarian contexts to account for added constraints as well as observed variation in responses. Our analysis of 33 in-depth interviews shows that INGOs adopt four different responses: legal registration, provisional strategy, localization, and exit. Our study highlights INGOs' adaptive capacity—a group's ability to absorb political pressures and make strategic adaptations—as a strong predictor of variation in organizational responses to institutional pressures.

We specify four constituents of INGO adaptive capacity: issue sensitivity, value-add, government ties, and reputational authority. *Issue sensitivity* refers to the sensitivity and approach of the issues that INGOs work on and suggests that authoritarian governance of INGOs involves promoting issues and approaches conducive to the regime and suppressing those deemed hostile to the regime. *Value-add* touches upon INGOs' varied contributions to the state and reveals that INGOs that are better at positioning in authoritarian regimes have a higher chance to thrive. *Government ties* highlights INGOs' multiple embeddedness with the state and suggests an illiberal, corporatist approach to state-society relations. *Reputational authority* underlines INGOs' linkages to the broader audience and indicates that INGOs can leverage support from other key stakeholders to strengthen their capacity in authoritarian regimes. This set of

measures provides a more nuanced and accurate way to approach organizational capacity beyond material resources. The framework developed in this article can shed light on state-INGO relations in other countries, many of which are similarly subjected to increasingly stringent regulations and a closing political environment (Hooper, 2016).

Theoretical Background

We build on institutional theory (DiMaggio & Powell, 1983; Oliver, 1991; Scott, 2014) and the Exit-Voice-Loyalty (EVL) framework to explore INGOs' strategic responses. Institutions "comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life" (Scott, 2013, p. 56). By permitting, prescribing, or prohibiting certain actions, institutions can shape the behavior of diverse actors, including individuals, as well as organizations (Ostrom, 1999). According to North (1990), institutions provide the rules of the game, whereas organizations act as the players. New institutionalism highlights that organizations can use various strategies to respond to the institutional context, ranging from passive conformity to active resistance, depending on the nature and context of these pressures (Oliver, 1991; Scott, 2014).

In the NGO field, how governments structure NGO laws and regulations can create incentives and constraints for NGOs' formation and operation (Bloodgood, Tremblay-Boire & Prakash, 2014). Change in institutional arrangements under strong exogenous shocks or internal influence can exert a favorable or negative impact on NGOs (Baumgartner & Jones, 2010). Similarly, political opportunity theory, which is frequently used in social movement studies and Chinese NGOs (e.g., Teets and Almen, 2018), posits that shifts in the configuration of institutional power can lead to changes in political opportunity structures (POS), which refers to "aspects of a

regime that offer challengers both openings to advance their claims and threats and constraints that caution them against making these claims” (Tilly and Tarrow, 2015, p. 49). In this sense, the INGO law constitutes a regulatory shock to INGOs operating in China and can affect their development and actions. Although institutional theory discusses variation in strategic responses, variables that determine responses are mainly related to the nature and context of the pressures themselves and do not explain variation under the same set of institutional forces.

The EVL framework provides some insight in this regard. Hirschman (1970) proposes that when facing a decline in the quality of a firm’s production—or any organization, including the state—consumers or citizens might respond in two ways: a) exit, which refers to escaping from organizational decline, or b) voice, which entails expressing discontent about the deterioration of service quality with the hope of recovery. The two responses can be mediated or affected by the third psychological variable, loyalty, a special attachment to an organization that encourages voice for recovery rather than escape from decline. Loyalty thus makes exit less likely, making voice more likely.

Based on Hirschman’s framework, AbouAssi (2013) proposes that NGOs adopt four strategies—exit, voice, loyalty, and adjustment—in response to donors’ shifting funding priorities. Including adjustment as a potential strategy seems important in situations characterized by asymmetric power relations and limited optionality, such as NGOs’ reliance on donor funding. In authoritarian contexts, with steep power asymmetries between NGOs and the state, the EVL framework may not be directly applicable, but can be refined to better accommodate the complexity of different institutional and organizational environment. For example, Lagerkvist (2015) argues that the EVL framework can more productively be conceptualized into shadow, voice, and

loyalty to better understand citizens' responses to social grievances in authoritarian China. We describe INGOs' responses to institutional pressures under authoritarianism as *legal registration*, *provisional strategy*, *localization*, and *exit*. Of these four responses, *legal registration* represents a high compliance strategy that could imply loyalty, while *exit* is a low compliance strategy. INGOs' *provisional strategy* and *localization* represent forms of *adjustment* to institutional changes.

Faced with the same INGO law and changing political environment, INGOs do not respond in the same way. We identify INGO adaptive capacity as a strong predictor of variation in organizational responses to institutional pressures. Adaptive capacity, in Parsons's (1964) terms, refers to a search process that enhances the "ability to survive in the face of its unalterable features...[and] the capacity to cope with...uncertainty...and unpredictable variations" (p.340). In organizational settings, adaptive capacity captures an organization's ability to adjust and respond to external environmental shocks, pressures, and changes. Staber and Sydow (2002) identify three important structural dimensions of adaptive capacity: multiplexity, redundancy, and loose coupling. Multiplexity refers to the diverse relations within and across organizations and can enhance the organizational system's versatility in responding to volatile and fragmented demands from the environment. Redundancy is usually viewed as resource slack and can often be reflected in the presence of unused productive capacity, broad job descriptions, or idle information. By loose coupling, organizations ensure that different units and activities are detached from each other. Hildebrandt (2015) examines domestic Chinese NGOs' adaptation to a changing political and economic environment and identifies four characteristics that might predict their registration status: organizational age, budget size, distance from political center of Beijing and issue area. These discussions suggest that an organization's internal processes and exchange with the exter-

nal environment can shape its adaptive capacity. From this perspective, when examining INGOs' adaptive capacity in authoritarian China, special attention should be paid to INGOs' multiple linkages with key stakeholders, including the Chinese government, the media, and society, and how INGOs cultivate redundancy and build a loosely coupled system in their operations.

Guided by the theoretical discussion of adaptive capacity and our data analysis, we propose that INGOs' adaptive capacity can be shaped by four factors: *issue sensitivity*, *value-add*, *government ties*, and *reputational authority*. INGOs with higher adaptive capacity adopt framings and approaches to issue area that are more likely to be coded as non-sensitive. They are able to redefine their value-add in light of shifting economic and political opportunity structures. They are characterized by multiple government ties, and possess significant reputational resources, whether derived from effective branding strategies, organizational size, ample budgets, celebrity backers, or ties to home governments. Taken together, adaptive capacity and its four constituents form a useful approach to understanding INGOs' strategic response to institutional pressures under authoritarianism.

In the following, we first introduce the development of INGOs in China, followed by data and methods. After that, we detail INGOs' four responses to institutional pressures and the constituents of adaptive capacity. We conclude the article with discussions of the theoretical framework and implications for civil society development under authoritarianism.

The Development of INGOs in China: Size, Functions, and Regulations

INGOs began entering China in the late 1970s, as reform and opening enabled diverse interactions with the global community. Their number steadily grew, boosted by milestone events such as the 1995 United Nations 4th World Conference on Women and China's entry into the World

Trade Organization in 2001. The number of INGOs operating in China before the implementation of the INGO Law is unclear, with estimates ranging from 1,000 to 7,000.⁴ As one interviewee noted,

There's a lot of poor data now, because, if you say there were 7,000 before, and now there are 435 [as of 2019], this is a gigantic drop. But were there really 7,000? It's very hard to know, and even the Chinese researchers would now say—probably not. But what is the number? No one knows. And it is impossible now to really find out.⁵

INGOs in China include faith-based, humanitarian relief and development, private foundations, campaign organizations, policy research think tanks, and professional associations (Shieh & Knutson, 2012). Working in diverse issue areas, such as religious development, environmental protection, poverty alleviation, and education, they have played a salient role in addressing China's development challenges through working with different stakeholders, including the government, businesses, and domestic NGOs. For example, INGOs have worked with local authorities and NGOs to promote citizen participation in decision-making, shape policy preferences, and promote civil society development (Noakes & Teets, 2020).

Before 2017, the government avoided formulating a comprehensive set of policies and regulations for INGO management. The regional director of one long-established INGO recalled that “about 10-15 years ago, all INGOs in China operate in a grey zone.”⁶ This period was seen as both a “golden age” and “a kind of as a free for all,”⁷ during which there was little regulation

⁴ Deng's (2010) estimate ranges between 1,000 and 2,000 registered and unregistered INGOs. Mu (2012) cited a much higher estimate by Wang Ming—between 3,000-6,000 INGOs—by 2005. Noakes and Teets (2020) suggested more than 400 INGOs and 700 foreign-based grant-making organizations working in China.

⁵ Interview 16, October 2020.

⁶ Interview 9, June 2019.

⁷ Interview 11, October 2020.

for INGOs. In 2017, the INGO law ended regulatory ambiguity and established clear rules for INGOs operating in China. One INGO executive shared that because the Law clearly specifies governance responsibilities, and every project is documented by detailed records, they were now empowered to reject Public Security Bureaus' (PSB) tea-drinking invitations—a common euphemism for informal interrogations—and are considered more legitimate when working in the communities.⁸ By clarifying the boundaries of acceptable activities, the government can “regulate and order (*guifanhua*) the environment for INGOs operating in China.”⁹

As of December 2021, 594 INGOs have registered in China, among which trade or industry associations constitute the largest type, followed by international exchange, education, youth, health, and poverty alleviation. Few INGOs explicitly work on sensitive issues, such as human rights. As of the same date, the government has issued 3,864 permits for temporary activities—mostly short-term collaborative projects—by INGOs without registration (Batke, 2022).

However, increasing clarity comes with costs. Under the Law, INGOs have less operational freedom and are subject to more scrutiny. It is challenging to secure project approval from the professional supervisory unit, which investigates every detail of the project, such as funding sources, religious background, and whether the project would affect national security.¹⁰ Another INGO staff noted,

The Law has removed all the grey areas for INGOs. Many activities that were doable in the past cannot be done anymore. Theoretically, the Law formalizes INGOs' legal status and their relationships with the supervisory agencies. In reality, however, the supervisory agencies and the police do not have clear lines of responsibility, and both parties have

⁸ Interview 20, October 2020; Interview 25, November 2020. Interview 17, October 2020.

⁹ Interview 18, October 2020.

¹⁰ Interview 26, November 2020.

increased scrutiny for fear of political trouble, and the result is that there is not much room for operation.

The Law states that INGOs should not engage in activities that endanger state security or damage the national interest. However, it remains ambiguous as to what activities are permitted, leading to significant deterrence effects. Once authorities terminate an INGO project, others are deterred from proposing similar projects in the future. If an INGO's registration status is revoked, it cannot conduct activities of any kind for five years. One INGO executive said that such punishments have the effect of "killing the chicken to frighten the monkey" (*shaji jinghou*), a Chinese idiom for punishing the few to frighten the many into obedience.¹¹ Another respondent described the Law as a knife hanging over one's head: "The probability of this knife falling is not high, but once it happens, the consequences will be serious."¹²

The Law forms part of a generally tightening political climate for civil society in China. This broad political climate is characterized by shrinking civil society space in which some NGOs cease operations, advocacy NGOs are censured or "guided" towards service-provision programs, sensitive topics become increasingly common, and NGOs are required to establish internal Party cells.¹³ One respondent shared,

A lot of the more active, more advocacy-oriented organizations are no longer afforded that same sort of space. [W]ork that tries to deal with impacts on communities, that tries to challenge the narratives that are being put out by state-owned enterprises, which are emphasizing only these very positive rosy pictures and not looking into the many, many problems that are there below the surface are just becoming more and more challenging.¹⁴

¹¹ Interview 20, October 2020.

¹² Interview 10, June 2020.

¹³ Interview 33, February 2021.

¹⁴ Interview 27, November 2021.

Data and Methods

We focus on INGOs that carry out programs within China, excluding trade associations and religious organizations¹⁵. To study the effects of regulatory change, we conducted 33 in-depth interviews with INGOs in China in 2018-2020, including 27 with INGO executives,¹⁶ three with domestic NGOs, two with scholars, and one with government officials. In some cases, multiple interviews were conducted with the same organization, resulting in interviews with 21 distinct INGOs.

Informants were identified through contacts established in the field and personal networks. We made subsequent contacts through snowball sampling. One author and a research assistant each had ten years of experience as practitioners in China's NGO sector. This set a strong foundation of trust and enabled us to solicit candid responses on what are often seen as politically sensitive issues. Nonetheless, to alleviate concerns, participants were assured that the study would be confidential and anonymous. Interview questions focused on INGOs' mission, work, and history, the INGO law, registration, strategies, and collaboration. Some interviews were conducted in person at either INGOs' offices or coffee shops, and others were via online meeting platforms. Both authors were present at most interviews, and extensive notes were taken. Annual reports, news reports, and published interviews and talks related to the sample of INGOs were also incorporated into the analysis.

¹⁵ While the universe of INGOs in China includes trade and commercial associations, we excluded groups that define their mission as the promotion of commercial, as opposed to public interests.

¹⁶ Our interviewees are top-level executives, including chief representatives and senior project managers, who understand well their organizations' operation and strategic transition before and after the law.

We did not limit the study to registered INGOs. As Sidel (2019) points out, some INGOs decided to shut down mainland operations or leave mainland China either temporarily or permanently. To gain a fuller picture of INGOs' strategic adaptations to the Law, we managed to track down INGOs that have been unable to register or moved on from China. The 21 INGOs are headquartered in diverse countries and regions (see Table 1), including the United States, the United Kingdom, Canada, Germany, France, Hong Kong, and Macau. Five INGOs began projects or operations before the 1990s, 13 between 1991 and 2010, and 3 entered after 2011. These INGOs vary in size (in terms of funding and staff) and work in various areas, including environmental protection, health, education, poverty alleviation, disaster relief, and law.

Table 1 Characteristics of Sampled INGOs

Headquarters	# of INGOs	Funding Size (total, in USD)	# of INGOs
United States	12	Below 50 million	10
United Kingdom	3	50 million to 100 million	2
Europe	2	100 million to 1 billion	5
Hong Kong and Macau	4	Above 1 billion	4
Year Entering China		Full-Time Staff Size	
Before 1990	5	Less than 100 staff	9
1991-2000	6	100-300 staff	3
2001-2010	7	Over 300 staff	9
2011-2020	3		
Registration Status		Field of Work	
Registered	14	Comprehensive development	9
Not registered	7	Environment	8
		Health	1
		Law	1
		Hunger relief	1
		Education	1

It is likely that our sample is skewed towards better known INGOs; nonetheless, we did make special effort to include a few smaller and lesser known INGOs in the study. While the sample may not be representative of all INGOs in China, our findings suggest that we have approached data saturation, such that further data collection would probably yield similar results and confirm emerging themes and conclusions.

We used a grounded theory approach to code and analyze the data, which involves three levels of analyses: open, axial, and selective coding (Corbin and Strauss, 2014). Open coding involves identifying the initial concepts (e.g., registration, collaboration, strategy) by reading each line of the interview carefully and labeling portions of the data into context, actions, and consequences. We then moved on to axial coding by assessing the initial codes generated, sorting them into categories, and identifying patterns and gaps. At this stage, core categories, such as institutional pressures, responses, and capacity, formed. By selective coding, we connect all the codes and categories together and form a storyline of INGO strategic response. Both authors independently coded data and assigned values to more subjective measures of adaptive capacity. Inter-coder reliability is 96%. We then compared results, discussed the discrepancies, and reached consensus.

INGOs' Responses to the INGO Law and Institutional Pressures

INGOs adopted a range of strategies in response to the new INGO law.¹⁷ Key among these were legal registration, provisional strategy, localization, and exit. These four responses can be placed on a continuum of compliance, where legal registration (14 INGOs) signifies the most compliance, followed by provisional strategy (4) and localization (3), and exit (3) sits on the low end of compliance.¹⁸ We detail the four strategies below, link these responses to adaptive capacity, and then discuss the implications of strategic choices under the new Law.

¹⁷ While it may appear as though INGOs preferred high compliance strategies and only pursued adjacent strategies in the case of failure, this was not the case. Organizations had a range of options and made intentional choices about which strategies to pursue, though of course these choices were constrained and shaped by institutional pressures. We thank an anonymous reviewer for raising this issue.

¹⁸ A few INGOs in our study adopted more than one response. For example, one environmental organization simultaneously chose to register and hedge its bets by adopting a localization strategy.

tered in one attempt, but most INGOs approached several departments before managing to register. This process is often filled with frustration and burdensome paperwork.

Most respondents cited the additional bureaucratic burden and delays in their operations due to reporting and approval requirements from the supervisory unit. One INGO shared that they submitted their annual work plan in January 2018 but did not obtain approval until August 2018, despite the multiple pushes.²¹ Another INGO regional director also complained that the supervisory unit requests new information and different formats for reporting every year.²² Another INGO director lamented that “I find it very painful...to deal with the supervisory unit and the PSB.”²³ Delayed approvals caused major disruption to INGO operations and significant uncertainty.²⁴

In addition to bureaucratic burdens and foot-dragging, supervisory agencies intervene in INGOs’ programming or even substantive focus. One INGO suggested that their supervisory unit refused to approve its work plan until the INGO agreed to fund some of its [the supervisory unit’s] own projects by threatening not to approve their plan.²⁵ Such requests, though logical, are difficult to negotiate with, given that the supervisory unit is renewed yearly²⁶. As a result, INGOs have seen themselves experiencing some “mission drift” as they align their plans and priorities with those of supervisory agencies.

²¹ Interview 10, June 2020.

²² Interview 16, October 2020.

²³ Interview 13, October 2020.

²⁴ Interview 8, August 2019.

²⁵ Interview 13, October 2020.

²⁶ Interview 8, August 2019.

Some grant-making INGOs have to undergo additional approval and scrutiny when making grants. One INGO explained that they had a lot of flexibility in making grants before the law, but now they have to get approval for everything in advance.²⁷ The same INGO shared that as a grant-making organization, it has to engage in extensive trust-building with its supervisory unit. Although it has built a network of government collaborators and stakeholders and has accumulated significant trust reserves over time, it remains a challenge to constantly maintain that trust and convince the supervisory unit and the police of their grant-making decisions.

If our grantees were to do something bad, the fear of being held responsible for something you couldn't control is something very deep. So for our supervisory department to permit us to fund a grassroots group in Kunming, knowing it will ultimately come back to them [if something goes wrong], to convince them that we do good due diligence, that we make good choices, that we monitor grantees and know what we are doing, is pretty hard.

Despite bureaucratic burdens during and after registration, some INGOs reported positive outcomes from having a supervisory unit. With this close and committed relationship, INGOs now had an advocate within the state apparatus that was responsible for their work and therefore responded to their concerns: “Before, without a supervisory unit, you didn't have anyone to speak for you if you ran into problems. Now, if we have an issue, we have someone to come help us solve it.”²⁸ This echoes Teets's (2018) findings about the significant role that supervisory units can play for Chinese NGOs in accessing policymakers.

Provisional Strategy

Several INGOs were unable to register with the government either because they were deemed politically sensitive or could not find suitable supervisory units. Nonetheless, four IN-

²⁷ Interview 16, October 2020.

²⁸ Interview 18, October 2020.

GOs decided not to leave China but to continue their operations in various ways, including filing for temporary activities and working with intermediary organizations.

A common strategy is to file for a temporary activity permit. One respondent mentioned another INGO whose work was considered sensitive in the official view. Despite talks with multiple government departments and a meeting between their global director and the mayor of Beijing, the organization was unable to find a supervisory unit and was forced to continue its activities in a temporary form, through cooperation with universities and other groups. Under the INGO law, INGOs must first find a domestic partner—a government agency, a university, a GONGO, or a grassroots NGO—to file for temporary activities. However, INGOs find it much easier to work with GONGOs or universities than grassroots NGOs. For example, one INGO executive noted that they have tried to collaborate with grassroots NGOs but failed because the latter could not obtain approval from their supervisory units, who have deep political sensitivity concerns.²⁹ After identifying a domestic partner and working out the details of the collaborative projects, INGOs need to report to the PSB. This involves submitting relevant project materials online and meeting with PSB officers, who ask about project details and give recommendations. Once approved, INGOs can then work with their domestic partners to implement projects, and after project completion, must submit reports to the PSB.

Outside of temporary activities, some INGOs work with intermediary organizations to channel funds to China. One INGO executive shared, “some INGOs wanted to enter China, but it is getting increasingly difficult. The cost is too high. So they decided to bring money to China

²⁹ Interview 20, October 2020.

through a third party, such as INGOs already in China and prominent domestic NGOs.”³⁰ Noakes and Teets (2020) also report that the Global Fund passes money through local governments or GONGOs to emerging NGOs.

A provisional strategy results in increased operating costs.³¹ Domestic partners often charge a management fee for project collaboration—usually around 10 percent.³² In addition, because of the temporary nature of the activities, INGOs tend to be cautious about the political sensitivity of their projects. One INGO executive shared, “since we started doing temporary activities, we have tried to avoid oppositional activities. We know that our Chinese partners do not want to take such risks.”³³ However, a provisional strategy has some advantages. INGO executives hoped that by doing more and more temporary activities, they could establish their legitimacy to the government as a “well-behaved” organization that can follow the rules in China.³⁴ “Since registration is not a viable approach for us for now, we wanted to use temporary activities to accumulate a good record, to show that we are not a confrontational organization as many people thought.”³⁵ Thus, temporary activities can serve as a stepping stone for legal registration in China.

³⁰Interview 10, June 2020; Interview 32, January 2021.

³¹ Interview 10, June 2020.

³² Interview 20, October 2020.

³³ Interview 20, October 2020.

³⁴ Interview 20, October 2020.

³⁵ Interview 19, October 2020; Interview 20, October 2020.

Localization

Three INGOs implemented a localization strategy, in which they registered new local NGOs in China. In most cases, the INGOs legally register with the government under the INGO law, but at the same time, they also establish a domestic entity.

Two forms of localization exist. During interviews, respondents frequently mentioned a case in which an INGO registered a local entity soon after the INGO Law. On the surface, the local entity remains independent. But in its essence, they share the same office, team, and operations. Whenever it conducts activities in China, the INGO and its local entity act simultaneously; they maintain a long-term strategic partnership. Another form of localization involves maintaining two sets of brands, offices, and teams. For example, due to the increasing political sensitivity of working with INGOs, one INGO established a spin-off that registered domestically. Its INGO executives considered it safer and easier to have a domestic entity to work on local issues. They acknowledge that they were still trying to figure out how the two legally independent organizations can collaborate.

A localization strategy carries certain disadvantages. First, it may run against the intended purpose of the INGO law, which prevents INGOs from establishing a local cover in any form. For example, one INGO contemplating this strategy was warned against it by its lawyers. The executive shared that,

So we thought initially it might be a possibility to help a group of Chinese to create a local foundation, but we met with a group of lawyers and they said ‘Don’t use legal means to do something illegal’ because you are just creating a shadow [X] Foundation—to do the same thing your foundation was doing just under a different name.³⁶

³⁶ Interview 11, October 2020.

Second, the formal relationship with the overseas entity is lost, meaning there is no way to use the original branding, raise funds through it, or receive funding raised by headquarters. Certain issue areas requiring transnational cooperation are more difficult to carry forward.³⁷ As one INGO executive summarized,

There are many complex issues: how to do branding transition, how to do staff transition, how to maintain the relationship with the principal—the INGO. The INGO law does not want to see NGOs sneak around the Law. The “two brands, one team, one operation” developed by XX may work, but it seems to be stuck somewhere.³⁸

However, localization has certain benefits. Localized INGOs can achieve “stable transfer to a localized entity” and can also raise funds domestically.³⁹ For example, one organization had managed to register its Hong Kong entity as an INGO in China, but its long-term strategy is to be able to register as a Chinese domestic NGO so that it can take advantage of “fundraising [within China] and other freedoms from restrictions on international NGO.”⁴⁰

For many INGOs, localization is not a deliberate strategy but a part of a natural long-term process, in which they seek to build capacity in local staff and partner organizations and gradually pass on responsibilities to these groups.⁴¹ One INGO director recounted a case in which the organization had received a substantial grant to carry out a specific project but could not find any Chinese organizations with the capacity to take on the project. While they found an overseas group who could have carried out the project, “we wanted to be funding and building capacity in

³⁷ Interview 10, June 2020.

³⁸ Interview 31, January 2021.

³⁹ Interview 10, June 2020.

⁴⁰ Interview 9, June 2019.

⁴¹ Interview 18, October 2020.

local people. So we established an NGO where people could convene, learn, and build capacity, and we were their sole funder. Now they've grown and have been able to secure funding from other places."⁴²

Exit

In our interviews, most respondents referenced one or two INGOs that had decided to leave China.⁴³ A handful of INGOs represented their decision to leave China as a principled stand against increasingly stringent regulations and surveillance of their work.⁴⁴ In other cases, INGOs exited but maintained offices somewhere close to mainland China, such as Hong Kong. For example, the American Bar Association closed its office in China while assessing the impact of regulatory restrictions on NGO activities.⁴⁵

The majority of INGOs left China because their initial attempts to register were unsuccessful. These INGOs decided to withdraw their China office, their staff and terminate their China-related projects. For example, one INGO that ultimately closed its China operations described initial optimism and a lengthy process of finding a supervisory unit. This optimism stemmed from the belief that the organization was well-regarded by authorities and was included on a "whitelist" of organizations that would receive assistance and lenience during the registration process. However, they eventually found out that "a lot of listed departments didn't want to stick

⁴² Interview 12, October 2020.

⁴³ Interview 10, June 2020.

⁴⁴ Interview 27, November 2020; Interview 33, February 2021

⁴⁵ Interview 10, June 2020.

their necks out to supervise anyone at the beginning.”⁴⁶ Another INGO could not register because it focused on public interest litigation (e.g., for labor rights NGOs).⁴⁷

Closing offices and exiting China are some of the most difficult decisions for INGO executives to make. As one respondent shared,

We kept going to the police, and they kept saying it was going to be fine, but it was like organ failure. One day the bank closed our account, and then the landlord wouldn't renew our office lease, and then they wouldn't renew my visa and said there was nothing we could do...We decided maybe it is time to cut the umbilical cord.⁴⁸

INGO Adaptive Capacity

Drawing on the theoretical discussion of adaptive capacity and our interview data, we specify four constituents of INGO adaptive capacity that explains variation in organizational responses to institutional pressures: issue sensitivity, value-add, government ties, and reputational authority.

Issue sensitivity

The interactions of the Chinese state with NGOs can vary significantly depending on NGO issue area (Hildebrandt, 2014; Kang & Han, 2008). But it would be an oversimplification to say that INGOs that work on “non-sensitive” issue areas are able to register, while “sensitive” organizations are forced to exit. INGOs do work in different issue areas, some of which are considered sensitive and others not. Some respondents shared that the non-sensitivity of their work made it easier to cope with the Law and the changing political environment. For example, when asked about why the INGO registered so smoothly, the respondent noted, “I guess the work we

⁴⁶ Interview 11, October 2020.

⁴⁷ Interview 19, October 2020.

⁴⁸ Interview 11, October 2020.

did was fairly innocent...aligning with China's strategies for green development, for climate."⁴⁹ By contrast, INGOs that work on human rights, labor rights, law, and advocacy have had difficulty continuing to operate in China since the Law.⁵⁰ For example, one respondent shared that "labor rights issues have been considered a relatively sensitive topic, so government control is more stringent."⁵¹

However, several organizations working in areas that might be considered politically sensitive have registered and continued to operate despite institutional pressures. What explains this? Political sensitivity is determined not only by the content of a project but also by the approach. Capable organizations are sometimes able to pursue sensitive work using innocuous or safely 'coded' approaches (Farid & Li, 2021a). Conversely, organizations that focus on politically safe topics may still be considered sensitive because they adopt confrontational work methods. For example, one INGO often uses social media to disclose government wrongdoings. When discussing their difficulties, the senior staff noted, "our organization has always been considered a confrontational organization that would make some officials and agencies unhappy."⁵² INGOs can better navigate institutional pressures when they work on issues and adopt approaches that do not disrupt the political status-quo. However, due to mission or inherent structural factors, not all INGOs can redefine their issues and approaches. It also takes significant political acumen to work on and adeptly frame potentially sensitive topics, skills that not all INGO leaders pos-

⁴⁹ Interview 12, October 2020.

⁵⁰ Interview 6, September 2018.

⁵¹ Interview 22, October 2020.

⁵² Interview 20, October 2020.

sessed. Organizations that are better able to define both their issue area and their working approach in less sensitive ways are likely to possess higher adaptive capacity.

Value-add

INGOs bring different types of value-add to China, such as resources, expertise, international exchange, and capacity-building opportunities (Hsu, Hsu, & Hasmath, 2017). As conditions change over time, INGOs' contributions are valued differently. Initially, INGOs were valued for their ability to channel financial resources into China. However, now that China becomes increasingly rich, INGOs are no longer the valued providers for resources as they once were.⁵³ In addition, INGOs made important contributions by “introducing advanced foreign knowledge and concepts into China for localization and implementation,”⁵⁴ but now other channels have become available, and INGOs are no longer needed to facilitate this process.

These shifts have caused “existential crises” for many INGOs' China operations.⁵⁵ INGOs have therefore had to redefine their value-add within a new political opportunity structure. Those that can find their strategic niche, be it resource providers, innovators, or connectors, are better positioned to adapt to the new normal. One respondent vividly described, “INGOs in China are facing a new demand—how much value can you bring? What value-add do you have? As practitioners, these ultimate soul-shaking questions are always with us.”⁵⁶

⁵³ Interview 8, August 2019.

⁵⁴ Interview 8, August 2019.

⁵⁵ Interview 31, January 2021; Interview 16, October 2020.

⁵⁶ Interview 31, January 2021.

Many INGOs have developed a formidable skill set, including the ability to read China's domestic reality, navigate within its complex political environment, and follow its global development efforts, which enables them to add value.⁵⁷ For example, one INGO was involved in the establishment of China's national park system because of its expertise in protecting critical water source area and wetlands.⁵⁸ This redefinition of value-add has led many INGOs to shift their strategic focus from China's domestic development to supporting its outbound projects (Farid & Li, 2021b). As one INGO leader succinctly summarized,

For the 30 years of reform and opening, our theory of change was to bring in outside expertise and technology and resources to help China. Now it has changed, and authorities see that China has figured out its own process of development, it doesn't need resources or expertise, but needs help to think about how to play its role in the world, to build capacity in financial institutions, how to think about inequality [abroad].⁵⁹

Government ties

Scholarship has highlighted the multiple ways in which government ties can empower NGOs in China. Social organizations “negotiate the state” (Saich, 2000) and the spaces open to environmental and social politics (Li, Lo, & Tang, 2017). NGOs and state actors engage in mutual accommodation (Yang & Alpermann 2014) and build reciprocal state ties that enable policy influence (Farid & Li, 2020a). For example, Hsu and Jiang (2015) suggest that Chinese NGOs adopt resource strategies based on an evolving “ecology of opportunity” and find that founders with previous experience working in the Chinese party-state bureaucracies perceived the ecology of opportunity differently than those with no party-state experience, and adopted different re-

⁵⁷ Interview 28, November 2020.

⁵⁸ https://wwf.panda.org/wwf_news/?363970/Safeguarding-the-source-of-three-of-Asias-great-rivers

⁵⁹ Interview 16, October 2020.

source strategies. Zhan and Tang (2016) operationalize political, service organization and personal “government ties” between domestic NGOs and the state and find that government ties help domestic NGOs secure resources, develop effective management systems, establish legitimacy, and provide services.

Many INGOs have similarly fostered close ties with central or local government agencies. They developed government ties through collaboration with specific departments. One INGO worked closely with the National Forestry and Grassland Administration on several projects, through which both parties built familiarity and trust. After the INGO law, the government department established an INGO liaison office and became the supervisory unit for the INGO. In contrast, some INGOs failed to establish official ties or maintained an arms-length relationship with the government. As one respondent described, “in the past, we did not work with the government. Now, it is like building relationships on a white paper [from scratch]. These agencies do not know who we are, what we do, so they are naturally concerned.”⁶⁰

Some INGOs could develop government ties even in the absence of collaborative projects by recruiting prior government officials to serve as executives or on the board. One INGO staff member commented that their CEO, a retired official, always has his finger on the pulse of political exigencies and developments.⁶¹ Another respondent also worked in a government department before becoming an INGO executive. He shared:

I am very familiar with government policies and inner workings of government departments. I have never felt distant or concerned when dealing with them. I know the language well, so our communication has always been very smooth.⁶²

⁶⁰ Interview 10, June 2020.

⁶¹ Interview 12, October 2020.

⁶² Interview 17, October 2020.

Another INGO had made a prior government official responsible for its policy team; when the team leader left the organization, it faced immense difficulties communicating with government, finding it difficult to “knock the door open” or gain an audience, and to “understand officials’ implicit language.”⁶³ One should note that government ties vary in their strength, depending on the duration, breadth, and formality of the ties. For example, having a retired government official as CEO would serve the organization better than a short-term project-based collaborative tie with the government.

Reputational Authority

Stroup and Wong (2017) describe that leading INGOs have access to and deference from different audiences in global politics, such as international newspapers, powerful states, and corporations, and therefore have authority, which enables them to play a substantive role in global politics. From this perspective, INGOs can possess what Bertelli and Busuioc (2021) term *reputation-sourced authority* in being well-known and recognized by global publics, governments, or other INGOs. This enables them to leverage support from a broader audience. Reputational authority can stem from having a reputable figurehead or a long history working in a specific field. For example, one respondent attributes their smooth operations in China to “a strong headquarters and a renowned leader who plays a critical role and can push for change.”⁶⁴ By contrast, INGOs without significant reputational authority face difficulties in registration and operations.

One respondent vividly described this contrast:

⁶³ Interview 14, October 2020. This is a common challenge faced by domestic NGOs as well as INGOs, particularly those without preexisting government or elite ties. See Farid and Li (2021a).

⁶⁴ Interview 14, October 2020.

We weren't one of the large, very well-recognized NGOs that if closed down would be a big, international incident. At the beginning, these larger organizations that were able to register, they had strong diplomatic ties, and a lot of very high-level talks took place, and somebody was told to go and register them.⁶⁵

Respondents suggested that those most affected by the Law were small and medium-sized INGOs previously operating in China. It was estimated that “more than 70% of INGOs are small-scale INGOs, such as [my organization]”⁶⁶ While the majority of small INGOs lack reputational authority, some possess strong reputational authority stemming from ties to their home country governments or effective global branding strategies. Nonetheless, we treat reputational authority as a distinct category apart from size, as the two do not necessarily correspond. INGOs with lower reputational authority had limited capacity to leverage support from various sources to cope with the changing political environment.

Linking adaptive capacity constituents to strategic responses

We scored all INGOs on the four constituents of adaptive capacity and linked them to their strategic responses. Table 2 reveals a few notable points. First, a legal registration strategy is more likely to occur when INGOs have relatively low levels of issue sensitivity, high levels of value-add, and strong government ties, but their levels of reputational authority can vary. In contrast, a provisional strategy is more likely to occur when INGOs' issue areas/approaches are more sensitive, their value-add and government ties are relatively low, and reputational authority is medium to high. Second, INGOs that choose exit and provisional strategies are similar in issue sensitivity, value-add, and government ties, but those adopting provisional strategies tend to have higher levels of reputational authority than those exiting. Third, INGOs adopting provisional

⁶⁵ Interview 11, October 2020.

⁶⁶ Interview 10, June 2020.

strategy and localization have similar levels of reputational authority but differ vastly regarding issue sensitivity, value-add, and government ties. Fourth, INGOs adopting localization and exit strategies have opposite directions in terms of their adaptive capacity factors. For example, exited INGOs tend to have weak government ties and reputational authority, whereas these two dimensions score high for localized INGOs.

Table 2 INGOs' Adaptive Capacity and Strategic Responses: A Summary

	Issue Sensitivity	Value-Add	Government Ties	Reputational Authority
Legal registration (11)	Low (64%)	Low (0%)	Low (9%)	Low (36%)
	Medium (36%)	Medium (36%)	Medium (45%)	Medium (27%)
	High (0%)	High (64%)	High (45%)	High (36%)
Provisional strategy (4)	Low (0%)	Low (50%)	Low (75%)	Low (0%)
	Medium (75%)	Medium (50%)	Medium (25%)	Medium (50%)
	High (25%)	High (0%)	High (0%)	High (50%)
Localization (3)	Low (67%)	Low (0%)	Low (0%)	Low (0%)
	Medium (33%)	Medium (33%)	Medium (33%)	Medium (0%)
	High (0%)	High (67%)	High (67%)	High (100%)
Exit (3)	Low (0%)	Low (67%)	Low (100%)	Low (100%)
	Medium (33%)	Medium (33%)	Medium (0%)	Medium (0%)
	High (67%)	High (0%)	High (0%)	High (0%)

Note: In our sample, the three INGOs adopting a localization strategy happened to simultaneously pursue legal registration as an INGO. It is likely some INGOs chose to localize without registering as INGOs, but this scenario is not captured in our sample.

Discussion and Implications

As discussed earlier, facing an increasingly restrictive environment—the passage of the INGO law and constricting civil society space—INGOs adopt different responses, including legal registration, provisional strategy, localization, and exit. Legal registration is the most active response

to the Law, with INGOs seeking to register with the government and following the rules in their operations. A provisional strategy serves as a temporary means for INGOs to stay in China, by filing for temporary activity permits or channeling funds through intermediaries. Localization, wherein INGOs register a domestic entity, indicates that INGOs seek to bypass the Law. Exit entails INGOs' efforts to withdraw their operations and avoid government control in China. In most cases, INGOs strategically choose one type of response, instead of making default responses in order of feasibility. For example, legal registration is not necessarily the first choice; INGOs may directly choose the exit or localization strategy. In addition, INGOs can change their strategy over time, but the direction of the change is not predictable.

INGOs' varying adaptive capacity can influence their ability to adjust and respond to institutional pressures. We identified four factors—issue sensitivity, value-add, government ties, and reputational authority—that can shape INGOs' adaptive capacity. These factors should not be considered in isolation but as a causal recipe—a specific combination of causally relevant ingredients linked to adaptive capacity. For example, several INGO executives attribute their registration difficulties to two major reasons: issue sensitivity and lack of strong government ties.⁶⁷ Furthermore, these organizational conditions are not inherent but constructible; INGOs can seek to increase adaptive capacity. For example, given the tightening political environment, many INGOs have become more conservative in their programming, consciously avoiding confrontational activities. As one respondent shared, “It’s obvious that people are seeking stability more in these days. Very few INGOs invest in campaign or advocacy sorts of projects.”⁶⁸ Another senior

⁶⁷ Interview 6, September 2018; Interview 11, October 2020; Interview 19, October 2020; Interview 20, October 2020.

⁶⁸ Interview 30, January 2021.

staff noted: “China is going to be really scrutinizing all of us, and it’s a way to kick us out if we mess up...we’ve been very responsive because we don’t want to step on toes.”⁶⁹ In addition to increased alertness to political sensitivity, INGOs can proactively build reputational authority. INGOs have brought on successful Chinese business personalities to serve as board members to “spread the word about us and support us.”⁷⁰ To establish government ties, INGOs introduce themselves to government agencies to build familiarity, collaborate with them to foster trust, and invite government officials to sit on their boards or join their leadership teams. For example, several INGO executives shared that their supervisory units were initially unfamiliar with how INGOs operate, so they spent a lot of time explaining their work and building familiarity.⁷¹

Building on the concepts discussed above, we formulate an integrated framework of INGO strategic responses (see Figure 2). The institutional pressures-strategic response link is affected by INGO adaptive capacity, which is jointly shaped by INGOs’ issue sensitivity, value-add, government ties, and reputational authority. INGOs with higher levels of adaptive capacity can better interpret the environment and cope with external pressures, leading to compliance strategies, such as legal registration and provisional strategy. In contrast, those with a low adaptive capacity face difficulties in coping with institutional pressures and are more likely to adopt localization and exit strategies.

⁶⁹ Interview 12, October 2020.

⁷⁰ Interview 30, January 2021.

⁷¹ Interview 17, October 2020.

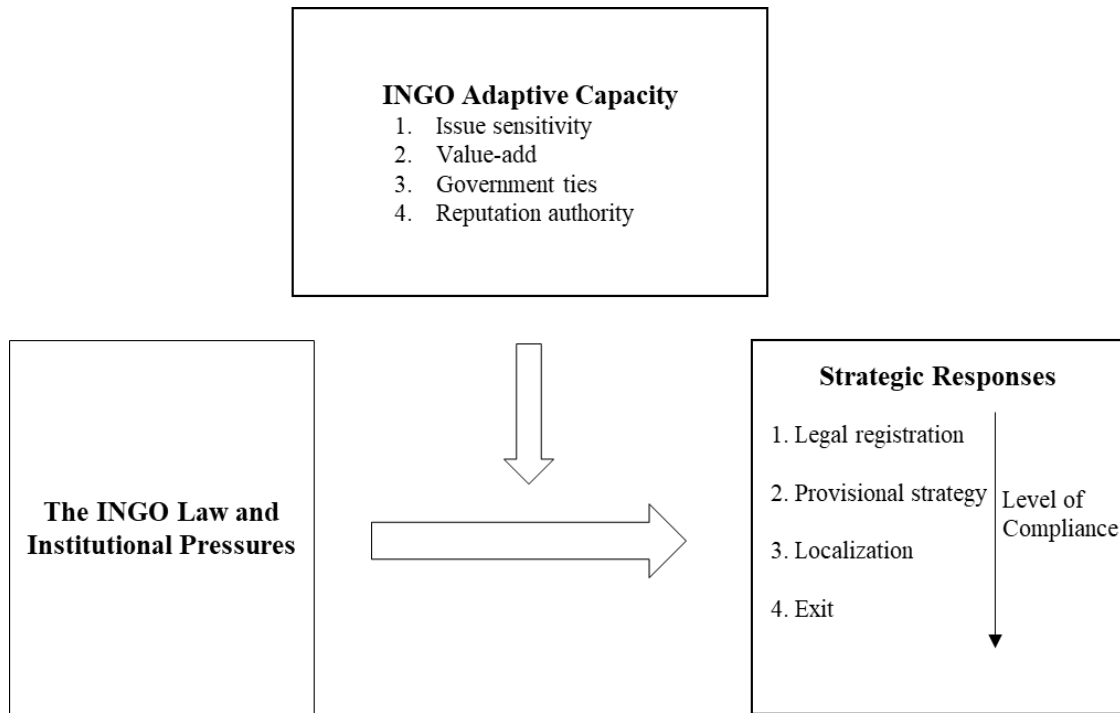


Figure 2 An Integrated Framework of INGOs' Strategic Response

Implications for Theory

Our framework shows that INGOs are not invariably passive and conforming but active in responding to the INGO law and the broader political environment. They calculate the pros and cons of various options available to them and choose the one that best fits. This calculus is contingent on INGO adaptive capacity, which is shaped by each organization's issue sensitivity, value-add, government ties, and reputational authority, most of which can be purposefully adjusted or cultivated. Our framework shows that INGOs can demonstrate active agency in their responses to institutional pressures. In addition, we lay out INGOs' four strategic responses: legal registration, provisional strategy, localization, and exit. INGOs believe that by maintaining a presence in China and engaging in their work, they are better able to exercise voice, both in the issue areas they address and in the matter of INGO presence in China. A few others express their

dissatisfaction with the regulatory environment by exiting China or adopting less compliant strategies, such as localization.

We further enrich the institutional theory and EVL framework by proposing the adaptive capacity concept and facilitating a nuanced understanding of strategic responses. Adaptive capacity can enable INGOs to detect, absorb, and adapt to institutional pressures. We contextualize Staber and Sydow (2002)'s structural dimensions of adaptive capacity by dissecting INGOs' multiple linkages with diverse stakeholders (e.g., the authoritarian state, global publics) and by revealing how INGOs codify their issues, adopt politically safe approaches, and redefine their varied contributions to the state and society. Echoing Hildebrandt (2015)'s findings, we show that INGOs' issue area is important to their strategic responses. However, we add more nuances to the concept of issue sensitivity by including both the sensitivity of the issue area and the sensitivity of the approaches/framings that INGOs adopt. While Hildebrandt (2015)'s other capacity factors, including age, size, and distance from Beijing are informative, our conceptualization of the four constituents of adaptive capacity paints a richer picture of INGO operation under authoritarianism and highlight the constructible nature of these conditions.

Although our sample may be skewed toward relatively bigger, better known INGOs, we would expect similar strategic responses in samples with small INGOs (possibly with different distribution of those responses), and the linkage between adaptive capacity and strategic responses can still apply. For example, if we interview more small INGOs, it is likely that a larger proportion of INGOs would choose to exit. This could add more nuances to how different configurations of the four adaptive capacity constituents link to varying strategic responses, but would not undermine the validity of the overall framework.

In addition, we would expect that our findings can be generalized to other authoritarian regimes or democratic states that adopt authoritarian practices, which are subject to increasingly stringent regulations and a closing political environment. According to Geddes, Wright, and Frantz (2014), authoritarian regimes can be classified into personalist (e.g., Russia), party-based (e.g., China, Singapore, Vietnam), the monarchy (e.g., Saudi Arab), and military types (e.g., Myanmar). Despite their differences, most authoritarian governments adopt similar restrictive laws to manage NGOs and civil society (Toepler, Zimmer, Fröhlich & Obuch, 2020). Even in democracy like India, Glasius (2018) characterizes restrictive NGO laws, particularly those restricting INGO activity and funding as an authoritarian practice as it sabotages accountability. With some modifications, our framework can be applied to examine how INGOs' adaptive capacity affects their varying strategic responses to the changing regulatory environment in these countries. For example, INGOs' contributions to the host country can be valued differently, depending on the country's level of economic development and political priorities. The form of government ties may also manifest in different ways (e.g., ties to the military or the monarchy).

Implications for Civil Society Development Under Authoritarianism

INGOs' varying responses to the INGO law and the broader political environment may eventually reshape China's NGO landscape and civil society. First, to reduce political risks and increase chances of survival, INGOs have been increasingly collaborating with government agencies, semi-government entities like GONGOs, research institutes, and universities, neglecting grassroots NGOs. Due to increased sensitivity around INGOs, grassroots NGOs have begun to see INGOs' funding as a burden more than a benefit. Their chances of securing funding from domestic philanthropic foundations are slim. Many grassroots NGOs have been restructuring

their programs to obtain government funding. Grassroots NGOs may face increasing challenges in the days ahead, and the landscape of the domestic NGO sector will change dramatically, favoring politically safe, elite-affiliated, and better-established groups.

INGOs' strategic responses can also impact their ability to participate in the policymaking process. INGOs that exit China mostly focus on sensitive issues, face positioning challenges, lack government ties, and have low reputational authority. The fact that they forgo the opportunity to influence public policy means the inclusion of the tamed and the exclusion of challengers. It is also likely that exiting INGOs could find intermediary institutions to articulate policy preferences and influence policy. Legally registered INGOs can potentially use their supervisory units as the access point to policymakers whom they otherwise could not reach, as suggested by Teets (2018). Similarly, supervisory units may also constitute important institutionalized political resources for localized INGOs to participate in policy advocacy (Liu, 2020). However, INGOs that seek to continue their operations through filing temporary activities may be in a less privileged position to influence policy. Chinese government officials value long-term trust-building. The short-term nature of the collaboration with the domestic partner makes it more difficult for transitioning INGOs to build a trusting relationship with government agencies. Future studies should examine how different types of INGOs (for example, those that choose to stay versus exit) use different strategies and venues to advocate for policy change and how INGOs strategically build their adaptive capacity to strengthen their policy influence.

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Appendix: Description of Adaptive Capacity and Strategic Responses by Organization

INGO	Issue Sensitivity	Value-Add	Government Ties	Reputation- al Authority	Strategic Responses
1	Medium	High	Medium	High	Legal registration
2	Medium	Medium	High	Low	Legal registration
3	Medium	Medium	Low	Low	Legal registration
4	Low	High	High	Medium	Legal registration
5	Low	High	Medium	Medium	Legal registration
6	Low	High	High	High	Legal registration
7	Medium	High	High	High	Legal registration
8	Low	High	Medium	Medium	Legal registration
9	Low	Medium	Medium	Low	Legal registration
10	Low	Medium	Medium	Low	Legal registration
11	Low	High	High	High	Legal registration
12	Medium	Medium	Medium	High	Provisional strategy
13	High	Low	Low	High	Provisional strategy
14	Medium	Medium	Low	Medium	Provisional strategy
15	Medium	Low	Low	Medium	Provisional strategy
16	Low	High	High	High	Localization
17	Low	High	High	High	Localization
18	Medium	Medium	Medium	High	Localization
19	Medium	Low	Low	Low	Exit
20	High	Medium	Low	Low	Exit
21	High	Low	Low	Low	Exit