The minimum living security system in China

-Shanghai as case study

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Executive summary

The continuous and rapid economic development of China, has leads to a wide range of discussions and speculations contributing towards the reform of the Chinese social welfare system, particularly the expanding of minimum living security benefits.

This study includes a comprehensive literature review which outlines the content, implications and perceptions for minimum living security in China. The research methodology has been designed in order to highlight the key feedback and perceptions of different local stakeholders in China regarding the current minimum living securities, such as government, tax payers and beneficiaries. These discussions have taken the social exchange theory as its basis. The benefits and costs incurred by those in society who experience the minimum living standard have been evaluated. Furthermore, the findings have also suggested that there are various factors which have given rise to different social welfare systems in China.

the findings have highlighted that since the Chinese economy has been successful in these past few years, China has started to rollout minimum living security measures to provide financial support to disadvantaged people and families. This has resulted in a very positive development as regards social development, ethics and fairness in society. However, this research has also pointed out the challenges that the social welfare system is meeting. For instance, excessive social welfare is likely to bring pressures and challenges to the financial system of public finance; on top of that, this may lead to adverse public perceptions for long term benefit takers. The formation of the social welfare system is driven by the combined factors of economic development, public finance strength, national culture, political systems and social perceptions.

This has paved the way for the continuous yet tailored development of the Chinese social benefit system so far. This research has adapted the triangulation styled research, combining it with secondary studies and primary findings obtained from
focus group interviews, as well as other existing studies in order to reach insightful conclusions.

This study provides recommendations with the focus being on boosting and optimizing the social welfare and minimum living security in China in a more effective and efficient manner. Focus is in area of balancing and sustainable financial budget; promoting more job creation and training; simplifying the system and promoting transparency in the systems to guarantee long term success. This has aligned with existing research to ensure all stakeholders in the social welfare system are being managed in the value creation manner. This is vital for success and to ensure that the social welfare system in place is benefiting society, particularly the vulnerable, while still making it sustainable.

Key words: social welfare, minimum living security, China, training and development, transparency, Britain social welfare and economy
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1. Introduction and Background

1.1 Research Problem statement

While economic growth in China has been fast, it has also raised controversies around the rise, or lack thereof, in living standards, especially within less developed rural areas. This research project will focus on evaluating the impact, feasibility, and adequacy of the minimum living security system in China. This is of particular concern when considering the growth of the Chinese economy that has occurred alongside little advancement of societal benefits. The study will analyze the Chinese system.

Since the launch of reform and the opening-up policy of the 1980s, people in China have witnessed and experienced tremendous change across all aspects of their lives, such as living standards, the overall quality of infrastructure, and many other developments (Gao et al 2011). Not everyone has benefitted from the fruits of economic reform, however. It is not just rural areas that are affected either, with the highly developed Shanghai seeing an increasingly uneven distribution of wealth (Shang, et al 2012). This unequal distribution has proven to be an obstacle to China’s further development, with the wealth gap in China growing wider than before. An imbalance of economic development between cities and rural areas, along with China’s continuing urbanization, has taken many resources away from rural farmers who previously lived fairly comfortably (Gang, 2013). The task of maintaining stability for rural farmers, and other residents experiencing hardship, has become crucial for ensuring the sustainability of the society.
According to the newest policy, the minimum living security standards for urban and rural areas increased by 10.8% and 17.8% respectively. (China Ministry of Civil Affairs, 2017)

The minimum living security standards refers to the minimum amount of income considered necessary to make an adequate living, and the minimum living assistance is the scheme to ensure vulnerable people are able to still achieve this goal.

In order to ensure that every Chinese person can reach the minimum level of living standards, the Chinese government has established “the minimum living security system.” This states that every Chinese citizen, so long as family income is below the minimum living standard, has the right to claim a specific amount of basic living subsistence from the local government (Zhang, 2008a). Following decades of development, the minimum living security system has become well established across China, and its application has been extended from those with disabilities or who have experienced hardship, to also include families on low incomes (Wu et al., 2014). As the financial centre of China, Shanghai was one of the first areas to implement and develop the new minimum living security system in China (Shanghai Government website 2017). This took place at a time where the old system was being viewed as increasingly insufficient in dealing with the effects of the rising costs of living. The reason for selecting Shanghai as the target of research in this study is that it has been regarded as one of the most advanced economic areas, with the average GDP per capita on par with some of the most developed countries. The high living standards that have resulted from Shanghai’s economic prowess have led to more demands for an improved social welfare system. Shanghai’s minimum living security system can be divided into two parts: its development before 2002 and from 2002 onwards.
assistance, focusing on urban minimum living security and the relief of education and medical care expenses. After 2002, Shanghai accomplished the management mechanism, which assisted people in definite needs of living (Gao et al 2011). Although Shanghai’s minimum living security system still faces some challenges, the system has been recognised as producing tangible results that have benefitted urban residents in need (Shanghai Social Benefit website 2017; Wu and Huang, 2007). According to the Sina Finance website (2017), Shanghai local government has continued to raise the minimum wage and social welfare over the course of the past few years, with the minimum wage growing from 2,030 RMB to 2,300 RMB in 2017 (Shanghai Government website 2017).

One of the major challenges facing the system is the matter of “due diligence”, and how to offer an independent analysis on who qualifies, and on what level, for support. This has seen some blurred rules put in place, with people left unsure whether they qualify for the minimum living support. According to the UK Gov website (2017), the UK has ensured that comprehensive due diligence is conducted in order to deliver the tailored living standard income; in China, however, there is no such system to tackle these difficulties. On top of that, benefit fraud is proving to be a common challenge facing the system, and undermining its integrity (Regev-Messalem et al 2013).

This research is going to focus on analyzing the current status of the Chinese social welfare system, including its benefits and challenges. By analyzing the development of Shanghai’s minimum living security system, it will be possible to identify and interpret how the system has changed the lives of certain groups and individuals. Following this, the study will propose a number of suggestions and countermeasures for further improvements to the minimum living security system in Shanghai. This recommendation will address the relevant stakeholders in order to promote and optimize Shanghai’s security and social welfare systems (Chan, et al 2011). Shanghai has been taken as the main focus of research due to its early adoption of the minimal security system, and the amount of relevant research and data.
The study will be conducted through the form of focus group analysis. Through focus groups, it will be possible to ensure that there is a wide spread of participants from different groups across the spectrum of the minimum living standard systems. These participants will give their views on the current system, and the findings will be combined with secondary research and academic theories, allowing for critical evaluation. Fundamental to the research is the combination of stakeholder perceptions alongside secondary material and earlier studies, in order to critically evaluate the rationale and influences behind the systems.

There are huge contrasts between China’s economic success and the lagging development of its social welfare system. This is even the case for more developed areas, like Shanghai, as those that are less affluent are left behind. The study will lead a comparison of China’s social welfare system with the British system, which has been recognized as one of the most advanced, and ultimately, fair social systems in the world. The research will consider primary and secondary sources, as well as its own findings, in order to reach a conclusion and provide a recommendation.

1.2 Shanghai as case study

Shanghai is the largest city in China, and also its economic engine. According to the Chinese National Statistic Bureau (2017), Shanghai has generated a GDP of $414 billion for its population of 24 million. Due to its highly developed economy, it is at the heart of China’s financial and economic production. It is also central to China’s manufacturing and logistics industries.

As a result of this rapid economic development, Shanghai was one of the first provinces in China to implement the minimum salary scheme in 2004 (Shanghai Social Benefit website 2017). Shanghai offered one of the highest minimum salaries, reflecting the fact that it has a more developed economy, which has resulted in a
higher living standard and higher costs of living. According to the Shanghai Statistic Bureau (2017), the minimum salary in Shanghai has grown from 2,190 ($330) in 2015 to 2,300 ($347) in 2017, with the minimum hourly wage rising to 20 RMB ($3) by 2017. On top of that, people have benefited from the provision of social security and social welfare, such as unemployment benefit and social protection. It can be said that Shanghai, therefore, is the frontrunner when it comes to the introduction and maintenance of higher social benefits in China (Chinese Statistic Bureau 2017). These findings can be aligned with independent academic studies, such as research done by Mok (2012) and Estes and Zhou (2015), which show that there can be a development of social welfare alongside economic development.

Despite numerous efforts to afford more economic powers to disadvantaged groups, China has experienced a rapid widening of wealth differences. The Gini index, which displays the differences of wealth distribution, shows China to have increased from 0.2 in the 1980s to over 0.5 in the 2010s (China Statistical Bureau 2015). This is evidence of the sharp differences across wealth distribution, with poorer people losing out on education and social opportunities due to a lack of funds (Shang, et al 2012). This is the current situation for the poorest people of Shanghai, who are left most vulnerable without access to effective social welfare. This has further fueled speculation on the nature of this topic, particularly in terms of the suitability, acceptability and feasibility of adopting a welfare system in China akin to the British welfare state.

As previously mentioned, it is the British system that has been chosen as the subject of comparison with the Chinese system. It is not just because it is an example of a developed and relatively successful welfare system, but also because of it’s potential for scalability. While Nordic countries have equally, if not better, social welfare systems, the somewhat small populations make it less easy to compare in terms of its suitability and feasibility for Chinese society. The adoption of the Nordic’s high standard of social welfare system in China would likely lead to a significant collapse in public finance, and might even risk incentivizing people to take benefits, rather
than remaining in work.

1.3 Objectives and Questions

The objective of this report is to analyze the implementation of the minimum living security system in Shanghai and, more broadly, to provide theoretical support for the Chinese system as a whole. Today, the minimum living security system is an important component of the social security system in China, ensuring the basic living of disadvantaged groups (Wu 2004). During the system’s implementation, a number of problems have emerged which require reform. This has been further intensified by the onset of economic growth, coupled with a sharpening social wealth divide and the challenging cost of living (Yu 2009). This research project will draw attention to policy background and survey data to detail the impact of Shanghai’s minimum living security system, and the potential for further development in China’s policymaking.

This research will fill the gap in research on China’s social welfare system, which has received little attention, despite evidence of huge economic growth and its varying effects. As a result, the research question will aim to understand the challenges and difficulties China faces in adapting the British social welfare system, and what the public perceptions are around such a move.

The research sub-questions have been outlined as:
- What is the importance features of the social welfare system?
- What are the current problems facing the Chinese social welfare system, and Shanghai’s system in particular?
- What are key stakeholders’ perceptions of the welfare system?
- What could the study do to improve the current Chinese minimum living social welfare system?

The sub-questions will be based on the advantages from other social assistance system,
and what aspects can thus be recommended for China’s social welfare system. The implementation of due diligence is one potential recommendation. This is the investigation of the social assistance applicants’ family situation, annual income, health situation, and special needs, allowing the government to consider applicants’ suitability on a case-by-case basis (Szto, 2007)

1.4 Research relevance and importance

As mentioned in the first section, economic reform in the past few decades has brought tremendous change across the whole of China. Aside from the positives, this has also resulted in some more negative developments, such as an increasing wealth gap and imbalance between urban and rural areas (Kim, et al 2017). This rising wealth gap has highlighted the importance of the minimum living security system, as its function is central to the provision of basic rights for ordinary people. While this principle has been recognized across various Chinese constitutions and laws, there is still room for improvement in term of its deployment. It also should be recognized that the implementation of the minimum security system will vary from city to city, with some having larger budgets than others (Thomson et al 2013). Up until now, there has been a lack of research in the field of social security in China, and more specifically on its effects, including feedback from its recipients. This research project will assess the current situation regarding the minimum living security system, and it will delve deeper into the feedback from those who have received benefits. It will also take into account relevant policies, which help enrich the theoretical development behind China’s minimum living security system (Leung, et al 2007c).

1.5 Limitations and delimitations

While the research has been planned in a structured manner, there are still some limitations associated with the findings. The use of focus groups as a research strategy can be considered a major limitation in the sense that there are only two groups, and
so a fairly low number of participants. Each group contains less than 10 participants, and this presents the risk of the research not being comprehensive enough, and also potentially biased.

To mitigate these potential adverse influences, the following actions have been taken:
- The study has selected participants from different backgrounds, including recipients of social security, policy makers and general taxpayers, in order to provide a more mixed representation.
- The research will include critical discussion of the findings from the primary focus group, as well as academic literature. Efforts will be made to ensure findings from the focus group are critically discussed alongside existing research.

These actions will help address the potential of a biased outcome, ensuring that the research is balanced and representative.

1.6 Thesis structure

This thesis is going to be divided into 5 parts. The first part will take the form of an introduction of the major concepts and ideas relevant to the British Social Assistance system. In particular, attention will be paid to Jed Meers’ argument that the combination of a social assistance system alongside a process of due diligence investigation allows the government to make effective decisions, particularly in terms of who is applicable for what benefits. As mentioned, the reason for choosing the British social benefit system as an example is that it is one of the most developed social welfare systems, and is thus an effective role model for Shanghai, and China as a whole. As mentioned earlier, China has achieved economic success, and this has resulted in a greater level of focus on social welfare and the even distribution of wealth. The current debates surrounding the widening wealth gap and its effects on ordinary people provide the background and rationale for this research (Xu et al 2011a).
The second part of the research will focus on the collection, evaluation and discussion of existing literature. This will cover three main areas: China’s economic growth and the adoption of a social security system, the influence behind social systems, and an assessment of Shanghai’s current system. First, attention will be paid to the juxtaposition between China’s economic success and the stagnant development of a social security and welfare system. Second, the review will look more closely at the concept behind social security and welfare systems, in terms of the motivation and influences. This may include a comparison between the major economies and the extent to which they have developed an extensive social security system (Hutchings and Taylor, 2007). Lastly, the literature review will critically assess the role of the social security and welfare system in Shanghai. This will provide a background for the research, while also offering the opportunity to compare and contrast opinions within existing literature. The literature review, therefore, will not only build the academic backbone for the study, but it will also identify any remaining gaps for research, and ultimately help guide the direction of research.

The third part of the research relates to methodology; the process of designing how the research is collected and later analyzed. There will be a further explanation of the selection and justification of the chosen research topic, as well as discussion of the research execution, including data collection, data analysis, and the resulting evaluations. In terms of data collection, the study will use qualitative focus groups, collecting primary data from stakeholders, such as benefit claimants, normal taxpayers and authorities. The study will take the form of a content analysis, and will assess the primary data alongside the information contained within academic theories and related literature.

The next part of the study is the data analysis and conclusion, which will be conducted in line with the selected research methods. First, there will be an analysis and evaluation of the data in order extract meaning from the information. Second,
there will be a comprehensive analysis and discussion, using both the primary data and related literature in order to reach a conclusion in line with the initial research aim and objectives.

The final part of the study will aim to ensure all the research objectives have been covered. There will be a summary of the research, and also a final conclusion of the study. This will then result in recommendations that can be made in light of the research.

The above provides a comprehensive summary of the how the research will be conducted and presented.
2. Theoretical framework and literature review

2.1 Introduction

The literature review which follows below has played an integral role in linking academic theory with areas of academic resolution, as well as in forming the critical discussion, and ultimately contributing to the effective evaluation of this study and its findings.

The literature review for this study has focused on three main areas. First, attention has been paid to the juxtaposition between China’s booming economy and its stagnant development of a social benefit system. This has also included some comparison of different economies and how they have broached this issue. Second, the literature review has offered a critical review on the concept behind social security and its related implications. Lastly, the literature review offers a collection of recent studies on China’s social welfare transformation, and the related critiques. Through the assessment of current and existing literature, it is possible to envision the background and influence behind such research. The literature is also useful in formulating theories and conclusions based on my own findings.

2.2 Chinese economic growth and social welfare

The literature review can draw attention to the subject of the dissertation research, describing both Chinese economic growth and the development of the social welfare system. This research details various studies within the existing literature in order to build the case for further research.

2.2.1 Economic development in China

Since the late 1970s and early 1980s, there has been considerable political and economic reform in China. Such reforms include the promotion of a market-oriented economy, which has resulted in the simplification of legislation and control, with the
promotion of private businesses and removal of red tape. The measures involved in this drive towards a market-oriented economy have been justified in terms of it being able to boost the effectiveness, efficiency and flexibility of China’s economy (Shi and Mok 2012). China has opened the gate to the rest of the world, providing huge incentives to encourage global capital and multinational corporate investment, which, in turn, can generate incomes, jobs and increased exportation for the country. Since the 2000s, the Chinese economy has further transformed from being based on investment and exportation to being based on consumption, innovation and technology. Indeed, within key industries, such as retail and hospitality, Chinese consumers have emerged as major players in the global economy (Gao, et al 2012).

The Chinese economy has grown at annual rate of 10% since 1980. This has not only resulted in China overtaking Japan as the second largest economy, with the possibility of taking the US’s place before 2035, but it has also has taken millions of people out of poverty, creating a larger middle classes and more business opportunities across the world (World Bank 2016). According to the IMF (2017), over the past three decades China has become the world’s most successful economy, emerging as a major economic powerhouse. This has not come without its challenges, however. There is an uneven distribution of wealth, leading to a huge wealth gap between the rich and poor, and between rural and urban areas. This is particularly damaging to disadvantaged populations, such as the elderly, disabled, as well as those based in the countryside with little education background. Living standards have been affected due to people’s low income being inadequate to cover the increasing costs of living (Shi and Mok 2012). This has prompted calls for the necessary role of social services in order to overcome the wealth gap, and enable disadvantaged people to still benefit from China’s economic success (Xu et al 2011b).

The direct consequence of economic change is that it has delivered multilateral impacts for social welfare. First, the strong economy has made the government and
authority more aware of disadvantaged people, and the need to ensure that they can share the benefits of economic growth. Second, it has promoted the need for social stability, in the form of providing financial help to the most vulnerable people in the society (Zhang et al 2012). Lastly, the success of the economy has also boosted public finance, giving the government authority the financial strength to drive the relevant social policies. All of these factors have illustrated the importance of economic growth, and how it can be used as a means for developing social benefits (Ye, 2011).

2.2.2 Chinese social welfare transformation

As a result of continued economic development, the social welfare system has become a key focus of the government and public finance department. According to the Chinese National Statistic Bureau (2017), China has spent over $400 billion on social benefits and securities, across areas such as pensions, social insurance, medical insurance, and others. This has represented a 12% increase, which reflects the continuous trend for the concentration on social benefits in order to ensure a minimum living standard.

The transformation of the social welfare system has been reflected from both a legal and a public finance perspective. Gray et al (2007) outlined that in order to drive job creation and attract global investment, China placed a very low standard on worker protection. This left workers not only without bargaining power and basic rights such as the ability to strike, but also without a health and safety environment and thus vulnerable to injury. However, the continuous development of the economy has driven legal transformation. In 1995, China passed the first contemporary Worker Rights Bill, and with major improvement in 2008, it provided huge updates in the protections of workers and employees. It implemented mandatory insurance systems for illness, injury and death, offered the provision of maternal and parental leave, and enshrined working conditions and minimum pay (Kwon, et al 2009b). Despite being a huge advancement in terms of social benefit, it has been viewed as controversial in some
circles, due to fears it could undermine China’s economy, with the rising costs for employers potentially decreasing China’s competitiveness within the global market. From a public finance perspective, social benefit spending has increased from 14% of total public finance in 2008 to 22% in 2014, with social security spending outpacing other elements of public finance spending (National Statistics Bureau, 2017). While this increase in spending reflects the growth of China’s economy, the focus on social benefit has also weakened the public budget.

This increase in public spending has resulted in the continuous improvement and transformation of social benefits in China. This has been of huge importance for social development, as it has effectively played the role of redistributing wealth among the people. In fact, while much of the focus has been on social benefits helping people in rural areas overcome poverty, they have also played a significant role in benefiting low-income families living in urban areas (Leung 2007). Research has found that families in urban areas with a low income are vulnerable due to the reliance on a single income, without the comforts of being able to grow their own food or other means that can reduce the cost of living (Qi and Tang 2015). Social benefits and welfare, thus, plays a pivotal role for all stakeholders. This review of the literature will raise questions on whether China should adopt the British comprehensive social welfare system, with more emphasis on a minimum living standard.

2.2.3 Gaps and challenges
Although China has achieved some success in achieving a system of social benefit and securities, there are still some challenges. We can see this by looking at the social protection index, and comparing China with other major economies in Asia.
Figure 1: Social protection index (Source: Asia Development Bank 2015, % of GDP expenditure)

The social protection index measures direct spending on beneficiaries per person within the population. Even with China’s rapid development and growth, the government is only spending 3.5% of its GDP on direct social protection. This is three quarters lower than Japan, and could be up to 80% lower than European countries. The lower spending in China might be a reflection of the fact that it is still a less developed economy compared with Asian and European countries, as well as the difference between a state controlled and market controlled economy. Compared to Western countries, in China, social spending is much more focused on driving investment and building infrastructure rather than providing social welfare (WTO and World Bank 2016). This could be driven by two factors: firstly, China has the largest population in the world, and this has effectively “diluted” public spending, lowering the average spending per head; second, although it has a larger capacity now, China is still a developing country, with lower wealth on average (Holliday, I. and Wong 2013). This is key to understanding the impacts of social benefits, and why they remain lower than other countries.

On top of that, although China has increased public finance spending for social
security and benefit, much of the focus has been concerned with worker protection, worker pension, and other related areas. There is generally less impetus on helping those that are jobless, or that struggle to survive on minimum pay. This reflects the government’s priority in encouraging people to get on the job ladder, rather than seeking to provide the basic social benefits (Izuhara and Forrest, 2013). This can be seen through the government investing billions into training and job re-creation programs, so that unemployed people can develop new skills and re-enter the job market (Leisering and Barrientos, 2015). While, on the one hand, such programmes have gained recognition and acknowledgement for providing supports and assistance and enabling people to return to work. On the other hand, it is considered as failing to truly address the problem, as unemployed people remain vulnerable due to a lack of financial support (Hudson and Kühner, 2012).

Some have also regarded the Chinese social benefit system as being biased, particularly when comparing it to the systems in place in other countries, such as the UK. In the UK, the country has a national healthcare service, the NHS, which provides largely free healthcare for all citizens, which allows poorer citizens to access good healthcare services (NHS website 2017). On top of that, the council runs social housing schemes, which enable people to have a roof over their head even if they lack the resources to rent or buy their own home. Last but not least, people from disadvantaged families can acquire scholarships, bursaries or student loans, in order to continue to university and progress up the career ladder. In contrast, the Chinese social benefit system is very basic; only providing a basic living to disadvantaged families through a system of income support (Culp 2007). This means a family is still likely to struggle when faced with health issues, as they will largely have to foot the bill themselves. Likewise, they may not be able to afford to rent a home, or have enough funds to support their children to enter into higher education. These issues perpetuate poverty, and leave little room for social mobility, as people are unable to overcome their situation (Vining 2014). Ultimately, there remains a gap in China’s social benefit and welfare system when compared with other developed economies,
despite the fact that economic success has resulted in some improvements (Gough et al 2011).

China’s system is improving but it remains controversial, particularly with regards to the continued low standard of living and the absence of a minimum income. These issues pose a challenge for the achievement of equal opportunities, and could potentially lead to future generations remaining in poverty (Hudson and Kühner, 2012). This literature review has identified a research gap in the idea that despite economic success in China, the social welfare system is still lacking. Paying attention to this issue could result in huge social consequences to society and particularly to those disadvantaged people.

2.3 Critical review for minimum living security

The study is going to review the minimum wage and minimum living security measure. Minimum wage is typically referred to as the smallest possible level of income required to make a living. Without such income protection level, families are likely to face challenges and difficulties in their day-to-day lives.

2.3.1 Review of the minimum security system

This part of the literature review will focus on reviewing the contents and implications of a minimum living wage system, which can provide a basic living standard for individuals. Key words have been selected from the online library, and then screened through the research.

Yang, P. and Barrett (2006a) found that social security is vital for society, and provides a safety net for society. Social security and welfare can be particularly beneficial for those that are more vulnerable, such as women, children and elders. This study from Yang and Barrett (2006b) has suggested the adoption of a differentiated social welfare system, with different categories of users in order to
emphasize optimization. Powell and Kim (2014) have focused on the East Asian welfare system, particularly South Korea’s system, and demonstrated that the social welfare systems in Shanghai and wider China are more akin to the rest of East Asia rather than to the West. Chan (2011) has further analyzed the position of Hong Kong, which is one of the most competitive world economies, but with little social welfare. In Hong Kong, the existence of workfare alongside a semi-democratic polity have, to some extent, suppressed welfare demands, and instead strengthened its “help yourself” mentality. As a result, Hong Kong’s minimum social security scheme and its low tax policy have been maintained. Aspalter (2006)’s study has concluded that, following the economic success of the past 30 years; East Asian economies and societies are much more focused on competitiveness rather than social benefits. This has raised issues for the conditions of disadvantaged people, with the lack of opportunities being a potential source of social unrest. This has, therefore, led to the current situation where, on the one hand, the growing and strengthening economy has empowered public finance, and thus strengthened financial spending on public services, but on the other hand, economic growth has promoted an uneven distribution of wealth. This makes social security and social welfare fundamental in efforts to achieve sustainable development, and also in ensuring everyone can enjoy the benefits of economic growth.

Xu et al (2011)’s study on the social welfare system in China focuses on the 225 million migrant workers in China, who have little, if any, welfare protections. Their study has seen the combined factors of a lack of knowledge of welfare programmes, as well as the competitive nature of certain industries, leading to employers making little development in terms of social benefits for employees. Zhang (2012b) reviewed the improvements in social welfare in China, commenting that since 2007 a focus on encouraging poorer rural people to engage with social welfare systems has achieved marginal benefits. The findings from Gao et al (2011) have further proved that social welfare systems in China and the rest of East Asia are restricted in the sense that they are subject to strict eligibility rules and achieve limited coverage. Instead of
developing these systems further, economic growth remains the priority of these countries.

This critical review of the literature also includes some arguments against excessive social welfare and security measures. For any welfare system to succeed, the due diligence principle is considered necessary (McKeever et al 2012). The due diligence principle works to ensure participants are receiving full assessment and evaluation, and that individuals obtain the appropriate balance of welfare. Not only this, it also ensures that individuals qualify for social assistance in the first place, safeguarding the social welfare system from potential abuse (Free and Murphy 2015). There exists numerous research demonstrating the challenges and difficulties of achieving due diligence in practice. According to the UK ONS (2016), it is estimated that more than 200,000 people have committed benefit fraud, effectively resulting in a loss of £4 billion for the UK. Even when due diligence is in place, problems still occur which can undermine the effectiveness of the social security system. On top of this, many benefit claimants fail to report their welfare, or any improvements in their financial situation that might mean they may no longer qualify for social assistance (Ayala and Rodríguez, 2007). Another challenge is the risk that people might end up financially reliant on the system, but with little support on offer in how of how to actually overcome their disadvantaged situation. There are further claims that people may end up in a worse position if they choose to work, since their earnings might not match the money they would receive through social welfare (van Kersbergen et al 2014). These studies, therefore, present the challenges and difficulties facing the welfare system, including the increase of the financial burden of public finance. Although there are limited studies on the direct equivalent challenges in Shanghai, this existing literature can act as a model in order to investigate the due diligence people being applied across China’s social welfare systems (Halla and Schneider 2014).

This literature review has seen that the majority of related studies focus on the unique, and strictly economic, social welfare systems that exist in China. These studies tend
to lack an understanding, however, of the perception of the beneficiaries, as well as the thoughts of policy makers. These studies have also conveyed the role Shanghai has played in pushing for some of the major reforms in social welfare policy. This study, therefore, will focus on these specific areas in order to fill the gap within current literature, providing a more thorough explanation of the welfare system in China and supporting arguments for a minimum social income.

2.3.2 Critical review for minimum living security

Although the concept of minimum living security has been proposed and implemented by many countries, it has still faced huge controversies and challenges (Zhang, 2012). This review will critically evaluate the benefits of adopting minimum living security.

Marx’s theory of the division of labour argues that the division of labour is a natural consequence of economic and social development. While this division of labour has created the productivity that drives economic growth, it has also resulted in a sharp inequality in society in terms of the distribution of wealth and power (Zhu and Nyland, 2005). On top of that, the division of labour has left people specialized in only certain aspects of jobs, leaving them much more dependent on each other. In today’s society, this has resulted in the continuously rising level of the Gini index, with the gap between the rich and poor widening (Xing, 2009). The provision of minimum living security, therefore, has been considered a major step in giving basic protections to those of poor financial status, as it could help people maintain a minimum level of living standard. Furthermore, it is the interest of the government to promote this, as it is a key task of government to promote the stability of society and ensure that economic success can be shared and experienced by everyone (Chen et al 2002). In this case, taxation has been viewed as a useful means of redistributing wealth in society, with rich people paying more taxes to boost public finance. This money, in turn, is distributed across key societal infrastructures, including social security,
education grants, and financial support for those that are less well off (Leung, et al 2003a). This can be aligned with economic principles; as such support can counteract the negative impacts of a society polarized in terms of wealth. Distributing wealth to poorer people can also boost the economy, with poor people spending more money, thus creating demand (Mok, 2012). In contrast, if the wealth stays in the hands of the rich, the money is not spent but saved, reducing demand and potentially damaging the economy in the long run. Furthermore, minimum living security can play a role in maintaining social stability. Current literature has detailed that it is the most politically and socially unstable countries that are linked with having the widest gap between the rich and poor. It is precisely the concentration of significant portions of money into the hands of a few people that facilitates social instability (Estes and Zhou 2015). As a result, the redistribution of the wealth plays a pivotal role in counteracting this impact, which benefits not only ordinary people but also businesses. Minimum living security can, thus, be supported from economic, social, legal and political perspectives, but also from an ethical perspective. The ethical nature of society is important; with there existing some form of ethical standard that people should be able to receive at least the basic amenities (Zenou et al 2012). Thus, the literature has recognized the importance of the minimum living standard in providing benefits across numerous areas, as motivated by social, economic and ethical concerns.

On the other hand, the promotion of minimum living security has raised certain challenges, and this is especially the case within more liberal focused economic theory. There are arguments that the provision of minimum living security, particularly in excess, could be a drag on public finance. It could impact societal morale, with people's mentality changing as they become increasingly reliant on social benefits, rather than working hard and striving for personal achievement (Szto 2007; He et al 2010). On top of this, Guan et al (2010) have argued that public finance is limited and that by spending more on social benefits such as minimum living standard, it takes money away from other potential expenditures, such as education, investment and infrastructure. In this respect, while the introduction of minimum
living security can provide security and benefits to disadvantaged people, it could jeopardize the long-term growth and sustainability of society (Leung 2006b). This is particularly the case in a highly globalized and competitive business environment, where a country may end up unable to devote financial resources to areas of investment and innovation, therefore undermining the competitiveness of certain businesses (Wu and Huang, 2007). Yu (2009) has also suggested that there are problems relating to the format in which financial assistance is given. In some cases direct cash has been provided which ends up being used in an inappropriate manner, for example being spent on cigarettes and alcohol. As a result, there have been arguments for minimum living security to be presented in the form of food bank notes, in order to restrict and control how the money is spent. Work should be done to ensure that areas such as healthcare and education can be provided through minimum living security, rather than merely cash (Ku, 2005).

The current literature regarding minimum security has, thus, further demonstrated the challenges and counterarguments on both sides, and debates surrounding these areas (Yang et al 2010). While minimum living security can be beneficial, especially when taking into consideration the ideas of social, economic and ethical disciplines, it also faces the challenges of achieving the right balance in accordance with the other interests of society, such as its relationship with the business sector and economic production. To be more specific, the findings of the literature review have demonstrated that there are controversies regarding China’s social welfare and security system. In short, the economic success and the resulting increase in public finance, does not necessarily benefit the social welfare system, which continues to lag behind. This is in sharp contrast to other social welfare systems, such as those in the UK and Northern Europe, which have seen a more comprehensive and widely covered deployment.

2.4 Review of the Chinese social welfare and minimum living security system

Along with the overall arguments for a system of minimum living security, it is
especially important that China achieves a fairer distribution of wealth. This is due to its large population, and lower economic contribution per capita, as well as its unique economic and social features, including a culture of a high power distance.

Research has demonstrated that over the course of the past three decades, China has become an engine of the global economy. China’s economy has become the world’s second largest, with aims to overtake the US within the next couple of decades (Hong and Zhong 2009). Shang et al’s (2011) study on the feasibility of minimum living security concluded that a strong economy and public finance is vital in ensuring the fair distribution of wealth. This is particularly the case for China, as it has experienced an increase of the Gini index, which sees a rapidly rising gap between the rich and poor. In this regard, the promotion of minimum living security can be a useful way of maintaining social order and providing much-needed help for disadvantaged families (Chen, et al 2009). However, Shang et al (2011) have also argued that excessive social benefits could demotivate people, leading them to become reliant on benefits as opposed to contributing to the economy.

However, there is a counter argument that highlights the difficulties in providing such assistance. Despite economic success and development, China continues to face issues due to its population of 1.3 billion people. This makes China the world's most populous country and, as such, any system providing assistance results in a huge financial burden. Even with its fast growing economy, the average GDP per capita in China is still a fraction of that of developed economies (Wong et al, 2009). This has, therefore, made the minimum living security less affordable and more unsustainable in a Chinese context, compared to the more developed countries like the UK and certain parts of Europe. On top of that, China’s fiscal policy has been driven and dominated by government-led investment into infrastructure, such as developing the high expressway, airports, roads, public facilities, and ports (Dean, 2013). China’s development requires significant financial resources and, as a result, minimum living
security has remained far down the list of government projects (Wu, 2014). The failure to fully embrace minimum living security can also be attributed to moral and cultural values. According to the Hofstede website (2017), China’s national culture has a high level of collectivism but it also values self-reliance. More and more Chinese people are seeking personal achievement and success, and the emphasis on minimum living security risks going against this social perception, with people relying on benefits rather than striving for personal achievement. The issue has been further compounded by high collectivism and high power distance, which often results in society taking a more common rather than personalized view, thus taking attention away from the few individuals that are in great need.

This review has further demonstrated the mixed views and perceptions regarding the opportunities and challenges that would result from the introduction of a minimum living standard in China. By using an academic framework, it has been possible to critically review the necessity of a strong economy but also the demands social security places on budgets. Such concerns have also been considered alongside cultural consideration, showing that self-reliance, or a form of high masculinity, combined with the collective nature of Chinese society can make it difficult to implement change.

2.5 Analytic framework: Exchange theory

In order to further progress the research, an analytic framework has been established to conduct this study. The study has chosen exchange theory, which states that decisions are made by evaluating the impacts and implications for different stakeholders. As a result, this will enable a decision to be made in order to maximize the benefits across society. The reason for selecting exchange theory as a framework is partly a consequence of the conflicting academic review conducted earlier. While some of the academic studies supported Chinese welfare enhancement, arguing that strong economic growth alongside the widening gap between rich and poor would see a social welfare system benefiting disadvantaged people; reversely, other arguments
have seen China’s GDP per capita as too low, with national culture further undermining the effectiveness of social living security. In this sense, exchange theory is suitable for the research as it makes it possible to evaluate the different exchanges across social welfare and security.

![Affinity and competency matrix](image)

**Figure 2: Affinity and competency matrix (Zhao, et al 2017)**

In short, exchange theory sees the exchange that has been conducted, and reflects the different status this has for stakeholders, based on their affinity and competency.

For stakeholders with a high affinity and high competency feature, gaining trust and transforming the relationship into a partnership is key and it could see parties share common goals and improve. In contrast, high competency and low affinity can change the status of respect, in terms of the continuous engagement with stakeholders in order to drive the influence (de Haan, 2010). Low competency and high affinity, however, lead to disappointment, with an unsatisfactory outcome for the business. Finally, the project could de-prioritize the low affinity and low competency stakeholders, due to their limited influence, and lack of contribution and alignment with the business (Smith 2014). Overall, then, exchange theory starts with the evaluation and prioritization of stakeholders, helping the project best manage the interpretation of
Social exchange theory details the major social and psychological processes that lead to changes in perceptions and across social disciplines. During the process, different parties and stakeholders exchange their demands in order to reach the optimum benefits and cost. In the social exchange activity, each party will consider the benefits and cost of an action, and the party will then drive the action with the most promising impacts so as to obtain the net gains required for social benefits (Zhao, et al 2017). Through the use of social exchange theory, it is possible to assess the findings of this research in a critical sense and evaluate the potential gains and losses this might have towards social policy, such as the social welfare system. Ultimately, critical evaluation can help ensure that policy works to maximize the net gains across specific areas.

Figure 3: Social exchange theory (Kwon 2005)

The rational decision that results from social exchange theory is based on a benefit and cost analysis. The rational decision occurs when the benefits of the decision are considered to outnumber the costs of the decision. This, therefore, creates the overall net benefit for the business that leads to impacts (Kwon 2005a). This idea of a rational decision in social exchange theory originated in the late 1950s and early 1960s within the field of behaviour science in the UK; one example is the work of Homans (1961). Social exchange theory has also enabled research to be conducted in terms of the
impacts of each major stakeholder’s decisions. This produces more comprehensive and evaluative outcomes when it comes to decision-making. Social exchange theory, in short, can result in critical and comprehensive evaluations of the benefits and losses of particular policies (de Haan, 2010). However, it should be recognized that social exchange might undermine the most vulnerable stakeholders, even when they lead net gains. It has also been remarked that it may be difficult to measure gains and losses, leading to the promotion of irrational decision-making (Zhao, et al 2017).

Social exchange theory has played a key role in highlighting the gains and losses of the proposed introduction of a minimum living wage. This is because it can deliver a critical review of the impact such policies might have on different stakeholders. It can detail the social, economic, financial, moral or ethical considerations of different stakeholders, such as vulnerable people and their families, but also other social powers and authorities (Davy, et al 2013). Social exchange theory, thus, provides an appropriate analytic framework to critically evaluate the reasonable extent of the impact of introducing minimum living security to the stakeholder, and also other related impacts. To ensure the study is conducted at a feasible and manageable level, the focus will be on the particular case of Shanghai in China, with social exchange theory used to focus on the impact and perceptions of key stakeholders in this example. This study will, therefore, adopt social exchange theory in order to critically assess the impact on different stakeholders, and ultimately reach an original conclusion.
3. Research methodology

3.1 Introduction

The research method is central to the design of the research, playing an integrative role towards the collection of information, while also driving the insights of the research project.

Figure 4: Research onion (Source: Saunders et al 2009)

In order to effectively capture and present the key findings of this research, it is necessary to critically review the research philosophy, research approach, data collection, and the research implementation behind this research. It is through such analysis that one can ensure an appropriate systematic and logical approach is selected as the research method. Each part of this discussion will use theory and academic literature to help support the findings of this research.
3.2 Justification for research strategy

3.2.1 Research philosophy

The concept of research philosophy is linked to the researcher’s own perception of the chosen topic, as well as the role of the researcher in the research project. This is extremely vital in order to set the overall direction of the research method selection and its implementation.

![Research Philosophies Diagram](image)

**Figure 5: The research philosophies in different scopes (Source: Neuman 2000)**

It is important that the research philosophy that is selected can be sufficiently aligned with the nature of the research topic, and the researcher’s own perception. From reviewing appropriate research methods, the theories of objectivism or constructivism can prove useful in assessing the impact of China’s social security policy, but these differing approaches have resulted in diverse designs for the research.

As a research philosophy, objectivism views the purpose of research as finding the reality within a study. It has little interest in the researcher, with the research being conducted on an independent level. At the other end of the scope is subjectivism, which sees the role of interpretivism being elevated and made more visible, with an emphasis on the social nature of the work. This often means that more qualitative and
open based research has taken place, with the researcher playing a key role in the process (Saunders et al 2009). In contrast, realist philosophy promotes an approach of mixed philosophies, and instead focuses on the practical value of the study and its potential impacts. A direct consequence of this realist approach is that it focuses on the outcome of the study, rather than the defined approach, with mixed strategies being used in order to achieve the benefits of numerous research strategies (Saunders et al 2009).

The research topic of this dissertation is the impact of Chinese social welfare policy. In particular, it is an evaluation of the impact of the introduction of minimum living security, such as benefit payments, but also in terms of healthcare support, such as the NHS service in the UK. The topic is relatively broad and highly subjective, leading to multiple opinions among different stakeholders. Therefore, through the evaluation of this research, the researcher will play a central role in coordinating these different responses, in order to ensure the research is of value and can have impact.

Based on this discussion, this research will adopt interpretivism as a research philosophy in order to complete the project. This is because the chosen research topic is highly subjective in terms of understanding the impacts of particular social policies. In order to assess the findings of this research, the research philosophy of interpretivism can be aligned with qualitative research and an inductive approach.

3.2.2 Research approach

In order to move forward with the research, it is necessary to pay attention to and consider different research disciplines. This is key in helping the research to deliver more disciplined and comprehensive results.
A deductive approach can be utilised in order to review existing theories, leading to the formation of research hypotheses. Once this process is completed, there will be a period of focused and targeted observation in order to collect the information that will justify and confirm the hypotheses. Thus, the deductive approach is key to the delivery of a defined outcome within the pre-defined framework. In contrast, the inductive approach focuses on first collecting the relevant information and observation for the data, and then evaluating any patterns that emerge and lead to the formation of a tentative hypothesis (Saunders et al 2009). Finally, critical evaluation and discussion will drive the formation of the new theory. The inductive approach has been considered much more closely associated with open research, and therefore can lead to more open outcomes for the research.

In order to evaluate the findings of this research, the study will adopt an inductive research approach. This approach will involve reviewing relevant theories so as to provide a board framework behind the focused data, such as economic impact, social influence and ethical consideration. Following this, the research will adopt social exchange theory so as to critically analyze and evaluate the costs and benefits of minimum living security (Bryman 2014). Taking numerous considerations into
account, the inductive research approach is the most appropriate for assessing the findings of this research. The inductive research approach and the social exchange discipline are useful in analyzing the British social welfare model and facilitating comparison between this system and the Chinese system.

3.2.3 Quantitative versus Qualitative

![Quantitative and qualitative research](image)

**Figure 7: Quantitative and qualitative research (Saunders et al 2009)**

Quantitative and qualitative research, and the associated data, represents the key influences behind the overall research target and its impacts. Quantitative research is primarily associated with structured data, which often exists in the form of figures, numbers and so on. This often leads to a very straightforward analysis and a conclusive outcome, such as statistically proven analysis and information. In turn, this tends to result in a highly objective outcome, with the collection of information presented clearly, for example being taken from surveys (Bryman and Bell 2014). In contrast, qualitative information is less structured, and often comes in the form of words, narrative and impact. The result is a subjective conclusion, which occurs through the interpretation of content enriched information. The research method for collecting qualitative information may include interviews, focus groups, or observations.

Due to the subjective nature of the research, this study will prioritize qualitative
research. The research will thus involve the collection of content rich information, with a content analysis offering a conclusion on the information (Saunders et al 2009). This process is useful in that it is closely related to the idea of people’s opinions and perceptions, which is central to the research motivation.

3.2.4 Primary versus secondary research

It is important to consider the differences between primary and secondary approaches. Primary research is when a researcher designs the research themselves; enabling tailored and bespoke information that can lead to a final conclusion. A challenge of primary research, however is that it requires significant efforts with regards to the collection of primary information. In contrast, secondary research is more feasible, as one can utilise existing and available information (Saunders et al 2009). The challenge facing secondary research is that a study might not be able to collect suitable and tailored information that fit its research motivation, thus leading to the research affecting little change.

There are issues in taking both approaches in isolation and, as such, this dissertation research will use a combination of both primary and secondary sources. This will provide an optimized solution for producing impactful research, and also for the feasibility of the research, and in ensuring the suitable provision of information and data. The use of secondary data can also contribute to the success of primary research by confirming and supporting research findings. The primary data collection will take the form of focus group interviews that target different stakeholders in order to obtain their opinions and perceptions. The secondary research will be used to assess the findings in line with existing research, both through public resources and academic studies (Bryman 2014).
3.2.5 Research strategy

Based on the above considerations, the research strategy will involve a mixture of primary and secondary sources. Focus groups will be used for the primary data collection. This process involves the researcher inviting a group of stakeholders to participate in an interview focus group, with the participants not only answering the questions according to their own personal opinions, but also engaging in constructive discussion and debate with fellow participants (Saunders et al 2009). This interaction between participants allows for further insight into the research topic, with a focus group more likely to raise insights through collective discussion as opposed to the sometimes limited findings of one on one interviews.

There are a number of reasons behind the selection of focus group interviews as the core primary research strategy. First, the use of focus groups is suitable for this type of research, as it fits well with interpretivism and the inductive research approach. The information collected from focus groups can also be taken in both quantitative and qualitative terms. In this respect, the focus group can aid the project’s success and help the research achieve the targeted outcome (Saunders et al 2009). It is particularly useful in terms of facilitating the collection of comprehensive information from a variety of stakeholders, thus fulfilling the requirements of social exchange theory. Another benefit of focus group research is that it can enable the researcher to collect views from a variety of different stakeholders. Referring back to the research topic, the introduction of minimum living security can have major, but differing, impacts for stakeholders. Through the adoption of focus groups, the research is more critical and reflective as it is able to incorporate a wider view (Bryman 2014). It also helps ensure that a diversified and representative selection of participants are targeted and selected, ultimately promoting the validity and reliability of the study.

The benefits of focus group interviews are well recognized, with the format being widely used within academic studies. It is possible to learn from previous studies by
paying attention to how they have effectively utilised the format in order to feasibly execute the strategy in practice. This is particularly the case when a researcher has selected the strategy of a focus group, alongside secondary data collection, with a combination of the two delivering the outcome of the research. This research will thus use focus group interviews as the main approach to collect primary data. It facilitates the discussion of subjective research objectives, while also working well with the approaches of qualitative research, interpretivism, and the inductive approach. This helps maintain a level consistency with regards to the research design.

3.3 Research method execution and implementation

This part of the study has focused on the evaluation and design of the research method, in order to ensure that the study can be fulfilled and executed in a comprehensive manner.

3.3.1 Research design

This section of the research will discuss how the methods of primary and secondary research will be utilized. With regards to the collection of secondary data, the research design is relatively straightforward. The study will focus on core quantitative information, such as China’s economic growth, its spending power, the cost of living, among other things. This can help provide the backbone of the research, and the necessary information for understanding the background (Saunders et al 2009). With regards to primary data, the information will be collected through focus group interviews. By taking into account secondary sources, this research will aim to further broaden coverage of the topic beyond what is currently offered within the existing literature and academic studies. It is this process that is key in collecting the findings, as it can enrich the results of the study in a comprehensive manner (Saunders et al 2009). The collection of academic studies, along with the literature review, has not only benefited the design of the research question, but it has also been used to inform the critical discussion and evaluation of the chosen topic of research.
For the primary data collection, the research will take the form of focus groups in which participants are asked a certain number of semi-open questions. On the one hand, this provides the structure and content of the session, enabling participants to give specific information on the research topic based on the questions asked; on the other hand, it also prompts the opportunity of raising new information, through the promotion of open discussion and constructive debate. With the research question in mind, this study proposes the following questions to be asked in the focus group:

- What are your opinions on the current status of minimum living security in China, and in particular on the case study of Shanghai?
- What is your view on the level of minimum living security provided, and why?
- What do you think influences those living in poverty?
- What do you think are the challenges facing the current system of minimum living security?
- How can minimum living security be improved in the future?

In terms of the participants, family connections and relationships have been leveraged in order to select those who may have been impacted in some way by the minimum security system. Specifically, the research has taken the form of two groups of participants. Each group contains benefit claimants, normal taxpayers, as well as those who work in government or other official jobs, and this balance can help produce more comprehensive coverage. The limitations of this research will be included later on in this study.

The form of focus groups, as well as the proposed questions, will help produce a comprehensive coverage of answers, and ultimately contribute towards the production of the research. Once the data has been collected from the open discussions that emerged during the focus group interviews, it will be possible to decipher insight into the findings and critically evaluate and discuss the implications.
3.3.2 Data collection

With regards to secondary data collection, it is necessary to ensure a diversified and reliable source of information. The secondary research has, therefore, been obtained from the below sources:

- Key institutional informative sources such as the Chinese national statistical bureau, the IMF, the World Bank and other relevant sources of information
- Key Chinese minimum social security policies from the Chinese government’s website
- Key social and economic policy insights, such as global poverty insights from parties including PWC, KPMG, E&Y and other relevant studies
- A wide range of academic records from the online university library, as well as from other creditable sources such as Google Books and Google Scholar

In terms of secondary data collection, it is necessary that institutional resources and policy insights are bespoke and include up to date information with regards to the impact of policies. Also of use are records that include statistical outcomes that can provide solid evidence for discussion. In contrast, the academic studies that are utilized will provide the academic backbone of the study, highlighting the importance of the research. These different aspects of secondary research complement each other well, and help enrich the overall quality of secondary sources used in the research. Indeed, a wide range of information sources can provide the necessary credentials that will enable a conclusive outcome to be reached. The primary research, which takes the form of focus groups, will make up the bulk of the data collection. One of the major limitations of focus groups, however, is that the research can only be conducted with a small number of participants, which may result in a biased view. In order to mitigate this potential impact, I will gain wider access to different sources through leveraging my own family connections (Saunders et al 2009). These wider sources can be taken into consideration alongside the extensive range of secondary sources as discussed above. To summarize, while there is the potential challenge of being unable
to find relevant information within the secondary research, in general, it does prove to be more manageable and feasible. Likewise, while the primary data collection may not be reflective of a huge population, it is incredibly insightful as the responses are tailored to the research through the design of specific related questions. By taking a mixed approach, it is therefore possible to ensure that the advantages of both approaches are exploited.

It is important to explain in more detail how the focus groups will be conducted. The focus groups will be divided into two groups, with each group consisting of six people. Within each group two of the participants will have jobs in policy-making areas, such as government officials or professional consultants. Another two participants in the group will receive, or will be about to receive, minimum living securities. The final two participants are normal taxpayers. This spread allows for an insight into public policy, and also ordinary experiences, giving a comprehensive view of the situation and the implications for all stakeholders.

Due to geographic distance and time difference, the primary research will be conducted through an online meeting. This will make the data collection more convenient and feasible, and will no doubt contribute to the successful acquisition of information. The popular social media platform WeChat will be used to organize the meeting, with the researcher facilitating the most appropriate time to conduct the meeting, taking into account time difference. Each meeting will be recorded and transcripts will be created, which will form the backbone of the research in terms of information to analyze.

3.3.3 Sampling
The sampling process is vital in ensuring that the research delivers highly tailored information, with the information being used effectively to support and demonstrate the findings. Data will be collected through the form of two focus groups, and also through a diverse source of secondary materials. This data will help form the critical
evaluation and discussion that follows, with the two strategies able to ensure a multi-angled approach to data collection and the presentation of multiple insights (Saunders et al. 2009).

The sampling has been conducted by two separate individuals, who have each looked at a focus group and checked the questions are clear and without ambiguities. Based on the feedback from the sampled focus group, the wording has slightly changed within this dissertation, making it more transparent for the presentation of the research findings. Due to time constraints, the research has used just two focus groups, each with participants from mixed backgrounds. The selected groups could be expanded further in order to reduce the potential for marginal errors and sampling differences, and this will be further explored later during the discussion of the limitations of the research.

A number of actions will be taken to ensure the validity of the sampling process. First, the questions will be reviewed to ensure that social exchange theory and other relevant findings have been incorporated into the questions for the focus group. Second, the researcher has invited three individuals to test and pilot the information of this research, to check the questions are clear and without ambiguities. Lastly, the researcher has shared the question list with their supervisor in order to receive confirmation on the suitability of the research questions.

3.3.4 Data analysis

The process of data analysis involves taking the collected information and presenting it as the insights and key findings of the research. The ultimate aim is that data analysis effectively answers and addresses the aims and objectives of the research.

This study will present the key findings from focus group conversations, and it will also take into consideration its relation and relevance with existing academic literature.
On top of that, each conversation will be segmented and analyzed in terms of social exchange theory, in order to work out the benefits and costs for each kind of stakeholder. This will highlight the different perceptions of stakeholders and the related implications.

A comprehensive analysis and evaluation will follow, with a content analysis of the key conversations conducted during the research process. This will focus on trying to align the overall findings with economic theory and business interests, in order to produce practical findings with regards to the situation. On top of that, the academic findings contained within the literature review will be integrated into the final discussions and evaluation, forming a kind of triangulation of data, with the research ultimately assessing the impact of the minimum living security system in China.

3.4 Research ethics

The major consideration in terms of research ethics is with regards to the focus group. As such, there has been a great focus on ensuring that this research has fulfilled ethical compliance measures (Saunders et al 2009). This is particularly in terms of areas such as data protection, the privacy of personal information, and other associated areas.

To ensure that this research fulfills ethical compliance measures, a number of actions and considerations have been taken into account as can be seen below. These above actions contribute to the effective deployment and awareness of research ethics.

- The participants will be given detailed information regarding the study, and they will be made aware of how the information will be used. They will also be given the freedom to withdraw their participation at any time without the need to give a reason.
- All the participants are anonymous, and their personal identities will remain hidden.
- The information collected from the participants via the focus groups will be used
for this research only, and following the completion of research the information will be deleted. The information will also be password protected.
- The participants will also be encouraged to give their own views, and also the views from their peers, in order to widen the subject coverage and reduce any potential biases.
- Finally, since the researcher has access to these connections, they will re-emphasize the importance of the independent and confidential nature of the research.

3.5 Reliability and validity
To further prove the robustness of the research, the reliability and validity of the research will be discussed. The concept of reliability is with regards to the idea that other researchers could repeat the research, with it delivering the same outcome. This research is reliable in the sense that a number of mixed participants are used that are from different backgrounds, thus ensuring that a similar approach can be adopted without causing a biased outcome. This research also has a comprehensive research method, data collection method, and design of the information, all of which can be employed by another researcher in order to achieve similar results.

Although the focus group may have its challenges in proving a high sense of validity due to the small number of participants, this study has taken the appropriate action to address these challenges. First, it has engaged with two groups, with at least two people from different stakeholder groups in order to present a difference in opinions (Saunders et al 2009). On top of that, the research has collected information from wide and diversified sources, which has lessened the chance of it being biased or unreliable. Finally, the research has formed a critical evaluation through the combination of the primary findings and secondary literature, with both forms reinforcing the other in order to produce a valid conclusion (Bryman 2014).

The small size of the focus groups may also be considered a limitation for this
research. This research, however, is going to mitigate these influences by adapting the triangulation principle in order to produce diversified information; namely, the information will be obtained from the two focus groups, academic literature, as well as secondary studies from publicly available sources. This has guaranteed that there is diversity across the information contained within the research, while also ensuring it remains manageable and feasible. These aforementioned steps to ensure the reliability and validity of the research will enable a conclusive outcome for the research.
4. Research finding and analysis

4.1 Introduction finding and analysis

The finding and discussion for the research has associated with the core for the research. It has divided the chapter into two parts: first, it has focused on outlining the discussion and evaluation for the research, to therefore promote the finding for discussion points with the different participants to gain the insights. Second, it has focused on combining the finding from the literature review and the analytical framework into the finding from primary interview, to therefore lead the critical evaluation and discussion to achieve the aim and objectives.

The finding has therefore aligned with primary research findings and the literature to promote the success for research project in the long run. This has enabled the full alignment with the research methodology above.

4.2 Finding from focus group

4.2.1 Implementation of the focus group

The researcher has leveraged social relationship, to select the participants for the focus group. Due to the geographic gap and time differences, the focus group research was conducted via the popular Chinese instant messaging application WeChat, which enabled the online conversations among the participants. As outlined in the research methodology, one of the key considerations for the focus group is that the researcher diversified and mixed participants with different backgrounds; therefore, this could enable the research to be carried out and facilitated the collecting of more comprehensive and representative information.

There are two groups participating in the focus group, which was implemented on the 1st December and 4th December 2017 respectively via WeChat. Due to the nature of
the research ethics, the backgrounds for the participants are outlined below, but not their personal identities.

Group 1:

Mr A: Mr A is working in the Shanghai local government, responsible for the local social welfare policy, financial budgeting and control processes.

Mr B: Mr B is a white collar worker in the IT industry, paying over 100,000 RMB as a form of tax and social contribution.

Ms C: Ms C is a migrant living in Shanghai who originally comes from the nearby Hebei provenance. Ms C is receiving 500 RMB in support from the government as a form of social welfare.

Mr D: Mr D lost his job seven years ago and, hence, become unemployed. He purely relies on the 800 RMB of government support for his day-to-day living and has experienced years of hardship.

Group 2:

Mr E: Mr E works in the town-based local government and is primarily associated with the distribution of the social welfare and support to those who are eligible for such financial support.

Ms F: Ms F is working in the financial industry and pays the highest tax rate of 45% in China due to her relatively high income.

Mr G: Mr G has suffered from work-related illness and is unable to work; therefore, he purely relies on social support.
Mr H: Mr H has experienced some minor disability since childhood and has struggled to gain permanent full-time employment with a secured income. This has, therefore, undermined his capability for personal living standards and has gained social support at around 1,000 RMB per month, as well as family support.

The reason for selecting these participants with such distinctive backgrounds is to form a comprehensive and even conflicting view of for the social security. This has included: the government officials who are representing the government policy; the tax payers who are representing the contributions to the public finance; and benefit claimers who are receiving the benefits from the public finance. Thus this gives a mixed and diversified view.

Thus, the finding has seen the selection for of the participants have fulfilled the research aims to therefore drive the influences and benefits for the research. It is worth to notice that, the researcher has used the Chinese language to conduct the interviews; and this has been translated into English for the purpose of the academic report writing.

The author has recognized that there are limitations for the research; which has been discussed in the final chapter of the study and suggestions. However, the major limitation has been associated with the very limited numbers of in the focus group, where the researcher is going to adapt the triangulation principle to reduce the possibility of biased views.; on top of that, the access for to participants and communication issues were mitigated with family connections, as well as and that that the researcher has spoken fluent English and Chinese to promote the communications;.

This has seen major improvement and delimitation for the research.

**4.2.2 Primary finding and discussion**

In this section, each major semi-open question have been outlined below, in addition
to a brief discussion on the meaning and implications of them for different stakeholder’s that lead the two influences. The key insights from each participant are included, with the interpretations for of the meaning of the research that leads to an impact.

- What is current status for minimum living security in China?

Mr A: The Chinese minimum living security was been introduced in the 1980s, and this has been gained the popularity and wider implications in the recent years, as a result of the economic development. Currently, the minimum living security is based on the different regions for local living standard, and standards and is being responsible for both the national and regional government and associated financial budget;. This is mainly to help those who struggle to meet the end meet their needs and to ensure they have a reasonable living standard.

Mr B: I have little knowledge of that, as the minimum living standard is not something I am concerned with. However, I do know that I have paid a huge sum for in the tax in order to support others, and I am happy to do so as long as it is fair.

Ms C: I have started to get the paid over the past few years, and although this is a relatively small amount of the money, it is a great help for me to really give me as it relieves for my day -to -day living expenses. This is particularly the case when I first came to Shanghai and experiences such a high price of living.

Mr D: I also appreciate the minimum living security measures, as this is my main sources of income to cover my day- to- day living expenses. I do not know how I am going to survive without it. However, my concern is that the minimum living security is relatively low, as it has enabled me to pay for goods where when I have no money left for medicine and healthcare services. Although the minimum living wage has grown year by year, this is normally a very small percentage and does not reach
inflation.

Mr E: The minimum living wage has been massively improved over the recent years. For my day to day work, 10 years ago, probably only 500 people were eligible in my areas. However, last year, we have seen over 2,200 people claiming the benefits. On top of that, I can also see the changes: while the minimum living security was only previously for the wealthier urban people, and this has shifted to less developed rural areas, and more people are experiencing form of benefits.

Ms F: I really have no idea, but I would like to see the government spend the money wisely and only provide to those who desperately need them.

Mr G: Although I received health benefits for a work-related issue, the minimum living security has provided me with some additional help, to cover anything in additional to the coverage of that I need.

Mr H: The income is my only source of income; otherwise, I would have to rely on support from my family who are also working very hard to make ends meet; I would become their burden.

the study has seen some major findings. First, minimum living security has gained popularity and power; this has been a general trend, in that it covers more people. This is particularly the case where the government and authority have enlarged the scope for the rural people who are generally more vulnerable (Cheng, 2008). For the researcher’s own interpretation, this represents the development of society and humans: to provide basic living standards for disadvantaged families and individuals. Also, the trend has reflected the social developments in all developed countries and China is in the process of becoming one of them; this could lead to a fairer society and can potentially reduce the increasingly polarised society in the long run. Second, it was also seen that those who paid taxes - and particularly high taxes - have
generally shown an understanding of the minimum living security systems. Despite them being the main contributors for social welfare, this has provided an understanding that is key to a more evenly distributed society that provides help for those in need. The personal interpretation for this is that social security is key for social stability; this needs to be recognised and acknowledged by all stakeholders in the process to maximise the benefits. Lastly, the findings show that those who partly and fully relied upon social welfare minimum living security protection acknowledge the benefit, but they also argue that this may not be enough to cover their basic expenses (Liu et al., 2016). The reflection concludes that social security must be set at a reasonable level, to provide the much-needed help, but also to encourage them to get back into the labour market, rather than permanently rely on social benefits and security. This aligns with the argument that benefits must be made more sustainable and effective in the future, which raised major challenges for what is appropriate and suitable for everyday living.

- What is the current status for minimum living security in China?

Mr A: This question is complicated as the system is a bit complicated: it combines the factors of regional economic development, regional budget surpluses and policies. On top of that, this is also combined with personal factors, such as other incomes and factors like disability, family support and others. This has often caused very different levels of supports for minimum living security.

Mr B: No idea, but I think they are relatively low and probably no more than 1,500 RMB per month.

Ms C: I only known what I get paid and I know some others get different numbers, but I am not quite sure about the process.

Mr D: When I started the application for minimum living security, I was assessed with
(according to all factors to have my financial support calculated.

Mr E: The current form of the minimum living security only provides coverage to support day-to-day food and living costs; this may prove to be a struggle with other considerations, such as medicine, healthcare etc.

Mr G: I have only been told what I receive.

Ms F: Not extremely clear, but it could be a struggle if it is purely relied upon.

Mr H: Similarly, the local government staff are helpful, but I have never known how much I should get; I have just been told the numbers, which are subject to periodic review.

The evaluations pints to two major considerations for Chinese minimum living security measures. First, the process is complicated and there is a lack of the transparency. The findings shows that the process is engaged with different stakeholders, such as the central government, local governments and the local financial budget, as well as individuals. The direct consequence is that this has created a lack of transparency in the system, which could lead to challenges for all stakeholders in the process and beyond (Yang & Chen, 2017). Second, the findings show that the level of minimum living security is much more focused on making ends meet; this is lacking in consideration for other expenses, particularly healthcare. Therefore, if those living on the minimum living standard fall ill, they could see challenges in their day-to-day lives, which lead to heavy impacts.

- What is your view on the minimum living security provided and why?

Mr A: It is extremely important for the society to therefore provide bottom line security for those who are struggling. This is also the key to maintain social stability,
which is a common approach worldwide. With a strong economy and public budget, this approach is more reasonable for leading benefits in the long run.

Mr B: I think this is essential, but it is key that considerations are made to ensure that people are not relying on it forever; this is also unfair to them, as it means they have no opportunities to work their own way up.

Ms C: This is very important, as without it my life could face even bigger struggles.

Mr D: I could not live without it, so I would like to see an increase of minimum living security to ensure that I can at least maintain low living standards.

Mr E: It reflects the social and economic development of the region, and promotes social stability and social equity.

Ms F: I seen that social benefits are vital; however, I think it is key not to just give people the money to ensure they are on the minimum living standard forever. I think the key is to re-educate them or train them to ensure they can gain proper employment to earn a higher income, otherwise they will stick with the minimum income forever.

Mr G: I agree, but also see that minimum living security is vital in terms of covering healthcare services and beyond to lead towards useful impacts.

Mr H: I agree, and I see that more help is needed.

The findings provided a view on minimum living security, once again with a diversified outcome. First, there is a universal agreement for the importance of minimum living security, which plays a key role for the areas of considerations: modernisation for a contemporary society; the nature of economic improvement; and social fairness and development. In addition, there are clear arguments there should be
a focus on providing minimum income, as well as skills training and re-education. Delivering a long-term solution for living in minimum security measures would provide benefits in the long run; it would also pave the way for people to regain proper jobs and higher incomes (Jensen et al., 2011). Lastly, it is unsurprising to find that people on minimum living security believe that their support is insufficient and can keep them in permanent poverty.

- What do you think about the impact for those living in poverty?

Mr A: This is vital, as it has not only threatened the living standard for them, but also their mentality for remaining in poverty long-term. I see the minimum living security as vital, but it is also important to empower the people, so they can get back to their normal lives.

Mr B: I would agree and would like to see my contribution to public finance being spent on educating and empowering people, rather than just simply providing them with minimum living.

Ms C: The feeling of poverty is not great and I can see that this has required additional help from others, for both the short-term and also the long-term skills needed to upgrade the benefits’ impact.

Mr D: I see people are underestimating the impact of poverty, which could lead to long-term challenges.

Mr E: Being in poverty is the main social challenge; this has not only impacted them, but often causes impact on their offspring, which could lead to a generation in property. I think the key is to ensure that they can get back on their normal life routes.

Ms F: Why not provide them with special skills, such as the cooking, hairdressing, cleaning and so on, so they can earn their own money. This should also be in their
own interest, as it provides them with a means for gaining benefits and recognition from businesses in the long run.

Mr G: I acknowledge the importance of training but we have difficulties today, as a family will struggle if there is not minimum security payment in place. This could be hard to explain to those who have lived in relatively wealthy families, as they do not experience ever running out of food tomorrow.

Mr H: I see this is important for providing more comprehensive coverage, and also that training will deliver long-term impacts.

These findings aligned with the literature review, seeing that poverty is a key challenge for our modern society. This not only causes challenges for the lower living standards who struggle to make ends meet, but also leads to impacts for the next generation; it could result in a poverty mentality for generations to come. This has once again shown the importance and wide range of recognitions for training and development, rather than only financial incentives and business disciplines leading the impacts. However, the findings also show that while training and development to be out of poverty is key, it has also shown that people face such a challenge today; therefore, a more coordinate process is required to lead such influences (Xia & Guo, 2012).

- What do you think are the challenges and difficulties for maintaining the current minimum living security?

Mr A: The main challenge I see is associated with financial pressures. Although with huge economic success, China is still a developing country; therefore, its public finance may focus on promoting job creation and investment into infrastructure, alongside with other projects. The minimum living security is vital, but it may not be appropriate for key public finance spending, due to its priority over economic
development.

Mr B: I think the key challenge is how to revitalize disadvantaged people to gain a meaning in this modern world. I feel sorry for them because they may not have a good education or they may suffer from health issues; this is the key to provide for such challenges. However, they need to raise their game and work harder in order to regain a life out of poverty.

Ms C: The challenge is really concerned with meeting the needs, which is particularly the case when prices rise fast. Currently, the minimum living security is not going to make a huge difference on these considerations.

Mr D: I agree that the minimum living security is helpful, but it is not enough to make ends meet with a business driving such an influence. I really hope the minimum living standard could increase to help me out.

Mr E: I see the financial balance as the key, which is particularly prevalent at a regional level. While the central government may have strong financial power, the regional government is often challenged to meet their financial budget and must rely upon the central government’s support. This could make the minimum living security difficult to sustain in the long run, which leads to huge regional differences.

Ms F: I see empowering them so they get work as the key priority.

Mr G: The current system has only focused on providing a minimum income, with little help in areas such as healthcare and education, which could quickly turn us back into a troubled lifestyle.

Mr H: I would agree that improved and more healthcare is needed. The findings outlined the key concern for the social welfare system.
The answers from the focus group illustrate that social welfare, such as minimum living security, is best if you balance interests from a support society and those who are struggling – both individuals and families - as well as to empower people to ensure they can return to the labor market. This is particularly the case for China who is still a developing country with 1.3 billion citizens. The findings also demonstrate constant confictions for the best use of public finance and beyond. Second, the potential for an interesting discussion is also associated with the balance between providing direct financial help and also an investment into re-education and training; to bring them back into the labor market. The later one promotes a long-term solution to solve the issues, as well as a more balanced approach, which is viewed as suitable to consider both short- and long-term impacts (Kim et al., 2017). Finally, the findings flag the issue regarding the scope of minimum living security support, seeing only minimum financial supports and a lack of consideration for healthcare etc. This may create a short-term relief, but if such people or their families fall ill, it could quickly to turn them back into a situation of poverty.

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- What is the best way to improve minimum living security in the future?
Mr A: The only way to improve this is through the continuous economic success of China; this could make the public’s finances stronger and, therefore, entice more distribution into areas such as social welfare. By reviewing all trends for the social welfare development, this is exactly what has happened; also, it has followed the trend with a business.

Mr B: I think less financial support should be provided, but more training or job opportunities should be created to lead the impact for a more sustainable system.

Ms C: I strongly believe more help is required, not only in terms of money and support, but also in other areas, such as jobs and so on.

Mr D: Yes, I would agree with that and I see rich people are not paying attention to the poor people.

Mr E: The key for the system to succeed is to lead sustainability and ensure all stakeholders are best balanced. I can see that there is going to be a continuous improvement for social benefits, such as minimum living standards, but it may never reach a European level or it may be closer to the US’s level.

Ms F: I see that more investments are needed; rather than giving more vulnerable family’s money directly, maybe the government should do more to create jobs for them and, therefore, also increase their confidence, support and pride.

Mr G: I’s really like to see support being expanded for more money and also in other areas.

Mr H: I would say that, as well, as healthcare is particularly important to me, I would like to see it being incorporated into the minimum living security system.
Similar to the challenges, future improvements have once again shown diversified outcomes from the participants. This could be due to different stakeholders having different levels of understanding for the issues; on top of that, this is also associated with different interests and requirements for an impact. It has covered the influences in certain areas of business disciplines, sustainability for the public budget and other key areas, to drive effective disciplines for the research (Wu et al., 2014).

Overall, the findings have shown the impact of the study via the focus groups: this has enabled the researcher to collect different views and perceptions from relevant stakeholders, which has reflected the core findings in areas that contribute to the discussions and evaluations of the later part of the current study.

4.3 Analysis

Primarily, the analysis will involve the interpretation of the primary findings and research. The discussion will also focus on the literature review, and particularly the analytical framework of the social exchange theory, which allows for a consideration in the form of a cost and benefit analysis. This will promote further discussion and the opportunity to evaluate the findings.

The general findings from the research sit well with the literature review, in the regard that it supports the notion that as a result of China’s economic success, the country has been able to gradually roll out an improved social welfare system. Minimum living security offers a way to provide at least the very minimum income for those that are vulnerable and struggle to make ends meet. On the positive side, this represents a major development and improvement for society, particularly with regards to poorer families now having protections (Shang et al 2011). On the other hand, the minimum living security provides benefits only in the financial sense, thus impacting the ordinary function of business and economics (Wu and Huang, 2007). Despite the
status of the developing economy, it is necessary for China to transform social concepts and ideals in order to produce more impact with their social welfare system.

4.3.1 Benefits of minimum living security

Through the use of social exchange theories, we can implement a cost and benefit analysis in order to ensure that public policy is able to deliver the biggest possible social gains, i.e. create benefits and value for society. With regards to the benefits, the theory demonstrates that the gradually growing level of minimum living security measures in China have provided support for vulnerable people who are failing to make ends meet. Despite China’s rapid economic growth, there are still tens of millions people in poverty, and this has only worsened with the accelerating trend of social and wealth inequality as a resulted of higher inflation and costs of living. All of these issues have led to challenges for struggling families in an increasingly unequal society. In short, the introduction and gradual expansion of minimum social security has provided benefits in these areas, particularly in providing protection for vulnerable people, which contributes towards the notion of a fairer and better-protected society (Szto, 2007).

Secondly, the findings have seen social stability as one of the most important tasks of government. An effective social welfare system can play a key role in redistributing social wealth and, as such, leading to a more sustainable and stable society. When this is done effectively, the richest people and the most profitable corporations will pay higher taxes that contribute towards public finance, enabling the distribution of wealth in the form of the social welfare (Xing 2009). Social welfare, then, is the process of redistribution of wealth, and it is key to ensuring a stable society. It also creates a means of basic living for poor and vulnerable families, therefore promoting stability in the long run.

Last but not least, the major benefit of the Chinese system of minimum security is that
it has achieved ethical and moral impacts for society. This can be seen through the redistribution of wealth. It was the move from a state controlled economy to an increasingly freer economy that led to polarization, with only few people able to reap the benefits. This was reflected by the significant increase on the Gini index, which saw China experience an increase from 0.2 to 0.5. The introduction and proliferation of the minimum living security system has provided benefits in areas of ethical consideration, in the sense that it ensures vulnerable people can share the economic success of the country (Gough et al 2011).

4.3.2 Challenges and difficulties of minimum living security
In contrast, there are also arguments against the introduction and proliferation of the minimum living security system. These take the form of a preassure on the public finance, whereby the findings have demonstrated that if more funds are used to financially support poor families, there is less money for spending elsewhere, such as on education, healthcare, investment, infrastructure and tax returns to individuals and businesses. This is particularly visible as China is still a developing country, with an average GDP per capita of below $10,000. An excessive focus on social welfare, therefore, could jeopardize the growth of business, the findings have also suggested that there may be a threat for the long term growth of the economy, from reducing the motivation of hardworking people due to the consequences of higher taxes, and other limits and constraints (Leisering and Barrientos 2013). Thus, while the social welfare system is vital, it is extremely important to ensure it is conducted in a balanced and sustainable manner, in order to maintain a positive influence for all stakeholders.

Second, the findings have also identified the task of changing public perception as being a potential challenge of the social welfare system. In the case of an excessive social welfare system, there is a fear that it may demotivate people from re-entering the job market, even if they are capable of doing so. This could cause long-term challenges for society, and put pressures on the economy (Qi, et al 2015). Therefore, it is key to ensure that social minimum security is deployed at a reasonable level, in
order to provide protection while still incentivizing people to return to work and labour market.

The adoption of the social exchange theory, and in particular the cost and benefit analysis, has demonstrated that minimum living security is extremely vital, and can potentially deliver huge benefits in terms of social stability, sustainability, fairness and ethical consideration for society. It has also provided much needed help to more vulnerable people and their families during the rapid economic transformation (Zhang et al 2012). However, the findings have also recognized the importance of balancing the interests of all stakeholders, including those with conflicting demands, in order to ensure that the system can provide help but without de-incentivizing people from returning to the labour market.

4.3.3 A comparison between the Chinese and the British social security systems

To further reflect on the benefits and challenges of the Chinese social security system I will here compare the Chinese minimum living security system with one more developed system namely the British system,. In the UK, , the system provides universal benefits, with not only the minimum living security, but also the provision of healthcare, social housing, and free education In China;, the focus is merely on financial assistance. The first major difference between the systems is therefore in terms of scope. According to ONS (2017), the UK government has spent nearly 40% of its budget on social welfare systems, with a focus on the various credit and benefit systems, as well as the national healthcare system (NHS). In contrast, the Office of National Statistics Bureau of China (2017) has seen less than 23% of China’s public funds have been provided for the social welfare system. This, therefore, aligns with the findings from the focus group that people believe the minimum living security could be improved by expansion. Despite China’s economic growth, there is still a huge gap in China’s provisions with regards to its social welfare system when compared with more developed peers such as the UK.
The second key difference is with regard to the communication and transparency of information. In the UK, there is one national social benefit system with people, regardless of location, able to secure the same level of access to benefits. On top of that, despite the fact that a tailored benefit solution is provided, all of the rules, criteria and eligibilities are clearly communicated, which has boosted the effectiveness and transparency of information (Xu et al 2011). In contrast, one of the major challenges for China’s social welfare and minimum living security is the lack of the transparency, with recipients less clear on how much they are likely to receive benefits and for what reasons. in the UK; the system has been organized and coordinated by the central government and total public budget (Leung, et al 2007c). In contrast, the Chinese system is enacted by central and local authorities in coordination, where the latter might have different policies and limited financial powers that restrict their ability to implement minimum living security. This difference in deployment has created a more dynamic and complicated system, which undermines the transparency of minimum living security (Izuhara and Forrest 2013).

The final major difference is with regards to the scope of social benefits and minimum living security. In China, minimum living security is mainly distributed in the form of direct cash rewards, with the goal of ensuring people can make ends meet in the immediate sense. In contrast, the UK’s social welfare system is much more comprehensive, with minimum living security providing benefits to all individuals, such as with the free NHS healthcare systems, as well as housing benefit and other measures (Gough et al 2013). This can be linked back to the earlier point that the UK’s public finance budget is much more focused and prioritized on social benefits. These findings, therefore, have enabled the discussion to be further developed, thus contributing to the achievement of the research aim and objectives.
4.4 Summary of finding and analysis

The findings and analysis have supplied a good coverage of the research topic of this study. Through exploring the findings, it has been possible to discuss the key comments and perceptions regarding the minimum living security system in China among all the major stakeholders, including the government, contributors and beneficiaries. It has also been possible to see the mixed reception that the minimum living security has received, despite its overall improvement and development in the past few decades. The research has, thus, been able to discuss the issue with the help of social exchange theory, including a cost and benefit analysis, as well as providing a comparison with a more advanced social welfare and minimum living security system namely the British. This research has provided a reasonable and effective approach in covering the content, impact and perceptions of the minimum living security system and how it has been deployed.
5. Conclusion

5.1 Introduction of conclusion

The final part of the dissertation will focus on the conclusion and ultimate findings of the research. This will take the form of a summarized view in order to address the research aim and objectives, as well as delivering the conclusion and recommendations from the findings. On top of that, the research limitations will be taken into consideration, so as to provide suggestions for future research.

5.2 Coverage of research objectives

The research objectives and questions have been outlined in the first part of the study, contributing towards the formation of the research targets. Below follows in summary what conclusions can be drawn from this study as regards these questions.

This study has delivered a far-reaching evaluation of Chinese social living standards, and the influence and perception of the minimum living security system. It is still far from being as comprehensive as those of the developed world such as the British. However, the development has come a far way. One of the first difficulties in developing the system further is that China is still a developing country, with an average GDP of less than $10,000 per capita. Therefore, despite economic success, having a huge population of 1.3 billion, has significantly constrained the full adaption of a higher standard of social welfare (Xing et al 2009). Put simply, financial constraints poses a significant challenge.

Second, there is also a challenge in terms of different geographies. The social welfare system in China is very complicated, requiring collaboration and cooperation between central and regional governments and authorities. Due to the different economic development status and financial powers, this has often led to differentiated and
diversified policies, which ultimately affect the impacts of the social welfare systems (Mok, 2012). Thus, it is the existence of a more complex authority system that has also undermined the impact.

The last major hindrance is social perception. Due to national culture and social customs, people are hesitant to fully embrace the system in its current form. While it has been recognized that social welfare can provide help and support, many believe the key to helping people overcome poverty is by ensuring people return to the job market (Zenou et al 2012). This has, therefore, created the perception that funds should be spent on education and training, rather than on the direct financial supports as outlined earlier. Overall, these finding have created insights into how the forces of economic development, political and authority structures, as well as social perceptions, can act as hindrances against China adopting a system akin to for example the British social welfare system.

-How can China overcome these difficulties?

The findings have also concluded that different actions can produce help to mitigate these difficulties. In terms of financial constraints, there is no better solution than focusing economic resource on public finance. By ensuring that the public finance budget is high, it is possible to create a more sustainable and disciplined form of social security and welfare systems, making them create value for all stakeholders.

With regards to political influences, more political reforms may be required. This may not only be in terms of further integrating and concentrating political management on social welfare and minimum living security, but also in creating more transparency when it comes to communication (Wu and Huang, 2007). Indeed, minimum living security can only be beneficial in driving positive influences, if it is a simplified and transparent system.
The last major hindrance is with regards to the suggested requirement for more government-led training and development schemes. The creation of such schemes would empower individuals to gain skills in order to return to the labour market (Shang, et al 2012). On the one hand, this could avoid them becoming long-term benefit recipients, and it would also give them the opportunity to pursue their ambitions and personal career development. Overall, the findings have ensured that all the research objectives and questions have been met, leading to the ultimate success of the research.

5.3 Summary and conclusion

Following the continuous and rapid economic development of China, a wide range of discussions and speculations has developed as regard reform for the Chinese social welfare system, in particularly with the offering, expanding of minimum living security measures.

The study has conducted the comprehensive literature review, outlining the content, implication and perception for minimum living security in China and the world, . Then research methodology has been designed in order to capture the feedback and perception from different local stakeholders in China regarding the current minimum living security, such as government, tax payers and beneficiaries. These discussions have een nformed by social exchange theories, to critically discuss and evaluate the benefits and cost for the minimum living standard for the people. On top of that, the finding has delivered the insights for the different driving factors for sharp differences between Chinese and British social welfare and minimum living security measures.

In conclusion, the finding has seen that with years of the economic success, China has started to rollout minimum living security measures to provide the financial supports for the struggled and disadvantaged individuals and families. This has seen huge success in terms of reflecting the trend for social development, ethics and fairness for
the society. However, the finding has also pointed out the challenges that social welfare system could be undermined by to rapid increase of the financial burden to be born by the public. The study has further concluded the different economic development, public finance priority, the more hierarchical political authority system as well as the social perceptions have been the key contributor for the differentiated factors to distinguish between Chinese and British minimum living security system and beyond. This has paved the way for continuous but also tailored development of Chinese social benefit system in the long run.

Lastly, the research has seen that despite that only two focus groups have been included in the research, the adaptation of triangulation has proven the validity and reliability for the research. All the findings have been backed by the existing researches, which have further provided assurance for the research.

5.4 Recommendations to stakeholders

One of the key considerations for the research is to make suitable, acceptable and feasible recommendations to the stakeholders. This could help the research to be transformed from the academic research into more practical values and other associated impacts on driving the influences.

The research is mainly making the recommendations to the Chinese authority, with the objective to improve and optimize the social benefit system in the long run:

First, the study recommends taking a balanced and sustainable social benefit policy in terms of public finance and fiscal policy. On one hand, China is still a developing country with a weak economy on per head basis; this has made the country should prioritize in areas of education, investment and infrastructure to lead the sustainability for the economic growth. On the other hand, it is also vital to ensure the benefit claimants are getting the help rather than permanent solution, in order to empower, motivate and energize them back to the labour market, to therefore lead more
sustainable solutions for fighting against the poverty.

Second, it is also recommended that the authorities work with each other, particularly between the central and local governments, to therefore promote the impacts for more transparent and fair considerations for the research. The direct impact has seen that they are driving the impacts on leading better outcome to stakeholder in the more transparent and clear way of communications.

Lastly, the finding makes the recommendations around the approach for the social benefit and minimum living security. The finding has outlined that due to the combined cultural impact, historical and social norms, the Chinese society has a low perception towards the direct financial contributions and supports. Therefore the study recommends authorities to focus on optimizing the financial resources: rather than providing direct financial contributions such as money, more funds may be invested into the areas of the training and development for the disadvantaged individuals to go back to the labor market; on top of that, government may focus on creating more jobs to dedicate for the benefit takers in order to boost their confidences; finally, some level of other supports such as medical insurances may be considered to lead the more comprehensive coverage for the benefit claimant to therefore lead the impacts

All of these recommendations are viewed as suitable, acceptable and feasible on promoting the success for the research.
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