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Description	一般講演要旨

中国における社会起業家の増加と  
ソーシャルイノベーションの動向に関する考察  
(An Overview of Social Innovation Activities in China)

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With the recent increase in charitable activities in China's private sector and participation and awareness in public affairs, many social organizations have made great progress in expanding their scale and the impact they have on society. Though the term "social innovation" is comparatively new in China, a large number of people including civil servants and employees of supporting organizations are aware of the importance of promoting the concept. At the same time, the number of social entrepreneurs who are making great efforts to meet social needs through business is increasing. These activities are expected to improve China's social innovation performance.

This paper attempts to provide an overview of social innovation activities in China. Section 1 generally describes China's economic development over the past three decades and the social challenges it faces, while introducing existing works on defining social innovation. Section 2 focuses on social innovation activities in China. The role of NPI, as a supporting organization for social enterprises, is explained in section 3. Section 4 summarizes the paper.

## 一. Research Background

### 1.1 China's economic development and challenges

Since China began its rapid economic growth following the implementation of the economic reform and opening up policy of 1978, it has prioritized economic growth at any cost over the past 30 years and became the world's second-largest economic power in 2010 as a result. Over the past three decades, the Chinese people's common desire was simply to get rich. This can be mainly attributed to the traditional way of thinking, i.e., that economic growth can bring prosperity to the nation. While on the one hand, three decades of fast economic growth made China more productive and some Chinese people gained in wealth, on the other hand, China is facing many serious social problems: environmental problems, poverty in rural areas, education inequality, food safety, lack of social trust, and so on. Given these huge social challenges, it is important to be aware that all of these unresolved problems need both technological innovation and innovation in the social domain. This is why the Chinese government, social organizations, and private sectors are actively pursuing social activities and trying to foster more social innovation.

### 1.2 Social innovation

Until now, many studies have discussed the definition of social innovation, yet it is still difficult to reach an agreed upon description of the term. It seems to be a complicated term which can be explained in various ways based on different contexts. Giovany [1] states that social innovation is always related to collective social action aimed at social change. Some researchers admit that there is no agreed-upon definition of social innovation and instead suggest a working definition of the term as "to improve either the quality or the quantity of life" in order to guide their research [2]. Howaldt [3] argues that what is meant by social does not relate only to the behavioral practices or the human relationship involved in the process of innovation creation and diffusion, but that it has a larger meaning based on the creation of a greater common good. OECD (Organization for Economic Co-operation and Development) explains social innovation as 'dealing with improving the welfare of individuals and communities through employment, consumption or participation, its expressed purpose being to provide solutions for individual and community problems' [4]. A report by Financing Social Impact [5], states that social innovations 'are new ideas, institutions, or ways of working that meet social needs more effectively (than existing approaches)'. According to The Young Foundation, social innovations are defined as 'new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social

innovations are both good for society and enhance society's capacity to act' [6], which is considered to be a comparatively integrated definition.

In general, social innovation has all the characteristics of innovation. At the same time, it emphasizes the purpose of addressing social issues through innovative ways, since social change has overtaken the speed of technological innovation [7]. Though the definition of social innovation is not strictly identified in this paper, the research is conducted on the basis of the above understanding of social innovation.

## 二. Social Innovation Activities in China

Recently, an increase in charitable activities and participation and awareness in Chinese public affairs has led to the development of social sectors and organizations such as non-governmental organizations (NGO), non-profit organizations (NPO), foundations, social enterprises, and supporting organizations. There were about 540 thousand social organizations in China at the end of 2013, more than double the number of 11 years before. In many cases, the grassroots NGOs and NPOs become famous and gain high social status because of their founders' heroic fame. Some international NGOs' branches in China also become the focus of attention because of their international influence. NGOs and NPOs are especially active in the fields of education, poverty, environment protection, employment, and help for disabled or aging people. They have become increasingly important players in promoting social innovation.

At the same time, more people are actively setting up social enterprises to meet social needs and provide more social services. The number of social enterprises and social entrepreneurs is increasing. Though it is difficult for the government to define and manage social enterprises, these activities actually push the government to rethink the roles and the development of social enterprises. The central government has been trying to lower the registration barrier for social organizations. Local governments especially consider social enterprises to be collaborative partners to resolve social problems.

### 2.1 Policy review

#### (1) Lowering the registration barrier

Several years ago, the Chinese government began a pilot reform entitled Direct Registration Application for social organizations' registration process in some cities. The purpose of the pilot reform is to make the registration process easier. Before the reform, in order to register a social organization, it was necessary to get the approval of related supervision offices according to the social organization's identity, which usually took a long time. Now, the social organizations can directly submit their registration application to the offices of Ministry of Civil Affairs in many cities.

Since 2013, the policy of Direct Registration Application has been implemented in many cities to lower the registration barrier for social organizations. Direct Registration Application is now the formal policy according to the Reform and Function Transition of State Council published by the State Council in 2013. At the same time, local governments tried to make new policies to lower the registration barrier in many ways. In some comparatively developed cities in China, for example, in Guangzhou, the local government has deregulated the restriction on capital for registration. Furthermore, it is possible for social organizations to register with a private home address or an address shared with other organizations. All of these deregulations are great progress for registration. Such policy modifications make social organizations' registration easier than before and enable more people to take part in social innovation activities.

#### (2) Purchasing services from social organizations

In September of 2013, the State Council published a policy entitled Guidance for Purchase of Social Services. The policy emphasized that the government will purchase social services from social organizations including social enterprises especially in the fields of education, employment, social security, and health care. This policy is expected to be a catalyst for promoting more social innovation activities. For the government, it can solve the problem of lack of public resources. For social organizations, the policy will lead to increased profits, thereby confirming the business model by providing more social services for the government and people. However, the policy may be a double-edged sword in some cases. Purchasing by the government is only a method to help social organizations be sustainable. Therefore, a good win-win relationship, rather than a dependent relationship, is critical to both the government and social organizations. In order to guarantee the quality of social services, a check mechanism between the government and social organizations is necessary.

## 2.2 Social enterprises and entrepreneurs

As mentioned above, many social organizations in China, including social enterprises, have made great progress in expanding in scale and the impact they have on society. It is notable that the social entrepreneurs who founded these organizations have diverse characteristics. Some grassroots NGOs or NPOs become famous and gain high social status due to their founders' popularity. Though there have been a number of social enterprise organizations in China [9], in the early years it was more common for people to start up social enterprises without any consideration of social innovation.

In some cases, people started up a business in order to solve the challenges they themselves faced, and the enterprise later developed into a social enterprise. Canyou, founded in 1999 by a physical disabled founder, is a typical example [10]. It first operated a portal site to provide services for disabled people and then became an independent and sustainable through business methods. Its main mission is to hire people with disabilities and help them be self-reliant. Until 2012, there have been about three thousand employees with disabilities in Canyou. Because of its excellent performance in social innovation, Canyou is the first social enterprise awarded by Social Enterprise UK in China.

In other cases, people start up a social enterprise using their entrepreneurial skillset and working experiences. These social entrepreneurs are good at making use of resources and cooperating with the government. Free Lunch was initiated on April 2, 2011, in order to provide free lunch for children in primary schools in poor rural areas [11]. Its founder is a popular journalist with profound consideration for social problems. He and five hundred other journalists started Free Lunch as a charity project with their own social capital and tried to promote social innovation by utilizing new media like mini blogs. All the information about the project is available on the Free Lunch mini blog, which guaranteed the transparency of the project and helped the project earn donors' trust. By February 2015, the number of children supported by Free Lunch had reached 129,932. Free Lunch is not only a charity project now, but also a platform to pursue and provide collaborative action with the local government and business sectors. They are trying their best to look for innovative ways to improve their social practice.

Meanwhile, more and more young social entrepreneurs in China are starting up social enterprises as venture startup businesses. This trend has profound significance, as their performance will impact the resolution of social issues in China.

Although specific case studies are not emphasized in this paper, it would be interesting if a detailed analysis of different portraits of social entrepreneurs, including their motivation and thinking, could be conducted in the next research stage. It is noteworthy that such research can provide more implications on cultivating human talent for social innovation and give insight into the mechanism for social innovation.

### ≡. Supporting Organizations: Case of NPI

In order to start up a social enterprise and cultivate the mindset of a successful entrepreneur, specialized intermediary organizations including academic institutions, consulting firms, incubators, and venture philanthropy firms can play an effective role in providing financial and management support.

Although the scale is still small, the number of supporting organizations in China has rapidly increased. Many incubators are established to provide support for social enterprises. NPI (Non-Profit Incubator), founded in Shanghai in 2006, is one such famous incubator in China [12]. Its main mission is to support social innovation and develop human resources for social innovation. It has branches in Beijing, Chengdu, Shenzhen, Nanjing, Suzhou, Dongguan, and Zhuhai. With the slogan "Engine for Social Innovation", NPI first promoted the concept for the Social Incubator Program in Shanghai. Now, there are over two hundred employees at NPI and NPI itself is operated as a social enterprise to realize both social purposes and business sustainability. NPI's activities range wide and include social innovation research, public fund trustee, impact investment, capacity building, community service, fund-raising, CSR consulting, NPO park, and international cooperation [12]. NPI produces non-profit projects by cooperating with domestic and foreign enterprises and provides social services for the local government. At the same time, NPI pays particular attention to helping social enterprises with physical support and management training courses. As a social incubator, NPI has been productive, having incubated over 200 NGOs and social enterprises until now, some of which are very famous in China.

Although the history of NPI as a supporting organization is short, NPI has established its own evaluation process for incubation and efficient supporting systems. Based on its extensive network with international organizations and intensive cooperation with enterprises, NPI's role in China's social ecosystem will be

crucial and it will no doubt have a ripple effect on promoting social innovation.

#### 四. Discussion and Implications

This paper provides an overview of social innovation activities in China by focusing on the development trends of social enterprises and social entrepreneurs, policy deregulation, and the role of supporting organizations. With China's rapid economic development, the social challenges facing China are increasing and become more serious. Social innovation as a new way to solve these social problems is attracting people's attention.

There is no doubt that players such as social organizations, social enterprises, the government, and supporting organizations play different yet equally crucial roles for promoting social innovation in social ecosystems. Although this paper gives a brief description of the above-mentioned players, it leaves many research subjects unfinished. What is the mechanism of social innovation? How can we promote social innovation? Why do people tend to start up social enterprises? What are the characteristics of social entrepreneurs? What are important support policies? Is it possible to combine business innovation with social innovation? Is there a coherent relationship between social innovation activities and innovation performance? These questions should be answered in further in-depth analyses.

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