

A Thesis Submitted for the Degree of
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Social Marketisation and Policy Change in China



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Abstract

What kinds of social organisations (SOs) are more likely to succeed in promoting policy change? How and why can some SOs promote policy change in China?

This thesis argues that the emerging tendency of social marketisation - social entrepreneurship and government purchase of services from SOs - can empower social organisations to facilitate policy change from the government. Based on three survey databases, this research shows that when social organisations become social enterprises or obtained government contracts for purchasing services, their likelihoods of success in promoting policy change increased and their influence on government policy making improved, after controlling for other resource and institutional factors.

This research subsequently draws upon two in-depth case studies on Nonprofit Incubator (NPI) and China Foundation Centre (CFC) to demonstrate how social organisations can use entrepreneurial and marketised strategies to promote the emergence and spread of five new government policies in China. The underlying mechanism of their successes is the formation of social organisation chains (SOCs), which consist of infrastructure, financial, support, and operational organisations. The formation of SOC created positive social change. Positive social change facilitated policy change. This study further applies the perspective of SOC to examine how the three local states (Beijing, Shanghai, and Shenzhen) re-regulate the social organisation sector, and reveals a wider applicability of SOC at the city level. Finally, this thesis has discussed the relations between social marketisation and other significant theoretical and practical issues.

The contribution of this thesis is that it finds a positive relationship between social marketisation and policy change in China, and reveals the process and the underlying mechanism.

Key Words: Social Marketisation, Policy Change, Social Organisation, China

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Abbreviations

CCP	Chinese Communist Party
CFC	China Foundation Centre
CNY	Chinese Yuan
CSOS	Chines Social Organisation Survey
CSR	Corporate Social Responsibility
GONGO	Government-organised non-governmental organisation
INGO	International non-governmental organisation
MOCA	Ministry of Civil Affairs
NGO	Non-governmental organisation
NPC	National People's Congress
NPI	Nonprofit Incubator
NPO	Nonprofit organisation
NSCSE	National Survey of Charities and Social Enterprises
SA	Social association
SE	Social enterprise
SO	Social organisation
SOC	Social organisation chain

Chapter 1: Introduction

1.1 Research Questions

The past three decades have witnessed an upsurge of social organisations (SOs). “Social organisation” is a legal term used in China, referring to formally registered non-governmental organisations (NGOs) (MOCA 2010, NPC 2016b).

The proliferation of NGOs in China has puzzled many observers. This is partly due to the expectation that the emergence of NGOs will sooner or later lead to an independent civil society, which will balance state power, accelerate democratisation, and even change the regime (Gold 1990). Despite such predictions, Chinese NGOs remain under the control of the state, particularly local governments (Hsu and Hasmath 2013, Hsu and Hasmath 2014). The majority of NGOs have “neither an explicit nor an implicit democratic programme” (Howell 1998, pp. 71-72), and the development of NGOs in China is still far from pointing to an inevitable democratisation (Spires 2011, Teets 2014).

Another group of scholars contends that, despite their increasing numbers, social organisations in China lack autonomy, serve as social arms or appendages of the state, and are unable or unwilling to change the political status quo (Alagappa 2004, Foster 2002, Frolic 1997, Nevitt 1996, Pearson 1994, Unger and Chan 1995, Unger 2008). Drawing on insights from corporatist theory, some researchers claim that the party-state can, to a large extent, control the leadership, agenda or budget of SOs, grant

government-organised NGOs (GONGOs) monopolistic status in interest representation and intermediation, and sanction and oversee the operations and activities of NGOs (Dickson 2000, Hsu and Hasmath 2013, Hsu and Hasmath 2014, Kang and Han 2008, Pearson 1994, Unger and Chan 1995, Unger and Chan 1996, Unger 2008).

The two approaches to explaining NGO-government relations, civil society and corporatism, though having made immense contributions to illuminating critical dimensions of state-society relations, have an underlying assumption of a zero-sum game: NGOs with growing autonomy will counter state power, or state control limits the autonomy of NGOs.

A third group of researchers, however, have found that relations between NGOs and the state in China are not necessarily a zero-sum game. The growing autonomy of social organisations does not necessarily mean the weakening of state control, or vice versa. Chinese state-society relations can be conceptualised as “contingent symbiosis” (Spires 2011), “co-dependence” (Hildebrandt 2013), “bargained, fragmented, or consultative authoritarianism” (Lee and Zhang 2013, Mertha 2009, Teets 2014), “mutual empowerment” (Shue 2011), “blurred boundaries” (Zhang and McWhinney 2012), “isomorphic collaboration” (Hasmath and Hsu 2014), or “welfarist incorporation” (Howell 2015). These conceptualisations highlight mutual needs, emerging opportunities, the state ties of NGO leaders, policy learning, and new state strategies in changing state-society relations.

Although the third group of researchers has made substantial progress in

transcending the zero-sum assumption of NGO-state relations, there is insufficient research on how social organisations and the state can achieve positive-sum, reciprocal or win-win interactions. The reciprocal NGO–government relations are important, because such interactions can address social issues, increase the provision of public goods and social services, and thus improve the welfare of all people, especially disadvantaged, disenfranchised, and marginalised people.

To shed light on the mechanism that gives rise to reciprocal relations between social organisations and the state in China, this thesis systematically addresses two critical research questions.

Research Question 1: What kinds of social organisations are more likely to succeed in promoting policy change?

To identify the positive and reciprocal interactions between SOs and the state, this research uses a unique lens – whether a social organisation can promote a positive policy change from the government. According to Bennett and Howlett (1992), policy change refers to “new and innovative policies or incremental shifts in existing policies” (Cerna 2013, p.4).

In China, it is not difficult for the government to affect the operations and activities of SOs, but it is rare and difficult for a social organisation to influence government policies. If a social organisation can make an impact on government policy, and the government indeed enacts a new policy or modifies an existing policy in relation to an issue on which that organisation has worked or with which it is concerned, one may argue that a positive interaction has occurred between the

organisation and the state. Therefore, policy change promoted by social organisations is an effective and sensitive indicator of positive interactions between SOs and the state. Clarifying what organisational and institutional factors contribute to the success in promoting policy change can help identify the formative mechanism of positive SO-government relations.

Research Question 2: How and why can some social organisations promote policy changes in China?

Existing studies on Chinese SOs focus either on how the Party-state affects SOs, whether by control, co-optation, consultation, or collaboration (Hasmath and Hsu 2014, Howell 2015, Hsu and Hasmath 2013, Kang and Han 2008, Teets 2012, Teets 2013, Thornton 2013, Unger and Chan 1995, Unger and Chan 1996, Unger 2008), or on how NGOs survive or adapt in the authoritarian context (Fulda, Li and Song 2012, Hildebrandt 2011, Hildebrandt 2013, Lu 2009, Ma 2006, Saich 2000, Spires 2011, Spires, Tao and Chan 2014, Tam and Hasmath 2015). Yet, how social organisations can influence the state, particularly promote policy change from the government, remains significantly understudied, although this issue has attracted a growing scholarly attention in recent years (Fulda 2015). Addressing this issue can reveal the process of policy change and the mechanism underlying the formation of positive and reciprocal interactions between SOs and the state.

The answers to the two questions have great theoretical significance and practical implications for the development of social organisations and the evolution of SO-government relations in China.

1.2 Significance and Implication

In recent years, there have been two new tendencies emerging in the development of social organisations and SO-government relations in China: social entrepreneurship and government purchase of services from SOs. This thesis conceptualises the two new tendencies in the development of social organisations as a process of “social marketisation” or marketisation of social organisations. Basically, “social marketisation” refers to the phenomenon that social organisations draw on entrepreneurial and marketised strategies to survive, grow, and interact with the government.

Traditionally, social organisations in China have primarily relied on (domestic or foreign) private donations. A new phenomenon is emerging, whereby a growing number of SOs, especially grassroots SOs, are now developing their own funding streams by selling professional services to customers, corporations, foundations, and the government. This new phenomenon is important, because it indicates that SOs are devising their own solutions, in the form of professional services, to address social problems and meet social demands. Consequently, the proportion of their service income out of the overall revenue is growing. If the proportion of service income reaches or surpasses half of the overall income, a social organisation has become a social enterprise (Han 2013).

Meanwhile, government procurements of services from SOs have emerged and

spread in China. Previously, the government merely provided grants and subsidies to government-organised or government-background social organisations. Grassroots SOs had almost no chance of obtaining government funding. Now, government procurement of services has created a market-based mechanism and a relatively equal playing field for government-organised SOs and grassroots SOs to compete in providing services and addressing social issues. Theoretically, the achievement of government contracts thus becomes more reliant on SOs' performance in solving social problems and meeting social demands, and less on their backgrounds or personal ties. This is distinct from the corporatist relationship, which emphasises leadership control and co-optation. Signing contracts with the government represents a more equal and more marketised relationship, rather than control or co-optation.

The two new phenomena of social marketisation in the development of SOs and SO-government relations are interesting and important, because they have a profound political implication. The political implication, however, has not been sufficiently recognised or thoroughly examined in the existing literature. This research thus aims to fill this gap.

This thesis argues that the new tendency of social marketisation - social entrepreneurship and government purchase of services from SOs - can empower social organisations to achieve policy change from the government. When other factors are equal, social organisations that have transformed into social enterprises or which have obtained government contracts for purchasing services, are more likely to succeed in promoting the government to carry out new policies on issues that the

organisations concerned.

There is a good reason to expect that social marketisation can lead to policy change. As the Chinese economy grows, many social problems and social demands are emerging. Social organisations can design and conduct professional services, as their unique solutions, to address these social issues. As the service income grows, social organisations can address the social issues in a more sustained way, compared with relying on donations. When they address social issues in a more sustained way, they are more likely to make a difference to those issues. When SOs have garnered evidence that their solutions are effective in addressing social issues or in other words have created positive social impact, they can use that evidence to persuade the government, either directly or indirectly, to change its attitudes, behaviours, or policies. Therefore, the seemingly apolitical marketisation process in the social organisation sector may, in the end, lead to a political consequence - a policy change.

This process is theoretically interesting and practically important. In China, the democratic mechanisms of influencing government policies, such as elections and party competitions, are weak or non-existent. However, if social organisations can create positive social change, they are still able to influence government policies and promote policy change. They are still able to make the government accountable, even without democratic mechanism of political participation. Therefore, enhancing government accountability without democracy is why the new tendency, social marketisation, is interesting and important.

A significant context driving the tendency of social marketisation since the 2000s

is the incremental change of the state's attitudes and strategies towards social organisations in China. The Chinese state has been re-regulating the social organisation sector and changing the incentives and the conditions affecting the survival and development of social organisations. The state has acquiesced, accepted, supported, and even encouraged the emergence and development of social marketisation. This is in part because China faces unprecedented social problems and social demands arising from demographic change, rapid urbanisation and uneven development, while state capacity and resources are insufficient to address these social issues. Simultaneously, the state is unwilling or unable to relinquish control on the social sector. Consequently, social marketisation on the one hand can strengthen social organisations, and on the other hand extend the reach and collaborations of the state with social organisations. To summarise the strategies of the local states in re-regulating the social organisation sector, this research proposes three models of social governance by taking local states in Beijing, Shanghai, and Shenzhen as examples.

To examine the relations between social marketisation and policy change in China, the thesis begins with reviewing existing research on NGO-government relations in China, and meanwhile reviewing the literature on the factors contributing to policy change. Next, this research builds a framework to examine the process of how social organisations can promote policy changes, by proposing an inclusive typology of SOs and illustrating the flow of the process. Subsequently, the methods and data used in the thesis are explained. Finally, the introductory chapter provides an overview of the following empirical chapters.

1.3 Literature Review and Framework

1.3.1 Studies on NGO-government relations

Over the preceding three decades, a large number of studies has emerged to explain the changing NGO-government relations in China. Most of them could be categorised into three groups, which use the theoretical approach of civil society, corporatism, and hybrid models, respectively.

(1) Civil Society

Since the end of the 1970s, the notion of civil society has become popular in many social and political studies on China (Chamberlain 1998, Gold 1990, Gu 1993, Huang 1993a, White, Howell and Shang 1996). Many scholars are interested in detecting the growing autonomy or independence of various issue-based NGOs working on trade, women, environment, and rural issues (Du 2004, Howell 2004, Ma 2002, Saich 2000, Zhang and Baum 2004). Some have focused on the relations between civil society and the media (Murphy 2011) or Internet (Yang 2007), and some have investigated the implications of the rapid growth of NGOs for democratisation and good governance (Brook and Frolic 1997, He 1997, Ma 2006, Nee 1989, White 1993, White, Howell and Shang 1996, Yang 2005).

As the earliest application of civil society approach in China, Gold (1990) claims that the event of Tiananmen Square and the period since the Third Plenum of the Eleventh Central Committee in 1978 reveals the emergence of a civil society in

China, based on the observations that "a range of social groups seek to operate independently of the state and the communist party" (Gold 1990, p. 20), including student organisations, independent salons, intellectual activities, private business enterprises, and religious bodies.

The first study testing the usefulness of civil society in the Chinese context is White's research on the role of social associations in Xiaoshan City of Zhejiang Province (White 1993). White observes that compared with "old" mass organisations which were created by the state and embodied state control, new social associations emerge and have limited influences on the state and policies for their members in the early 1990s. White thereby contends that they cannot be regarded as "pressure groups" or "interest groups" in terms of the western notion of civil society. Furthermore, he indicates that "only embryonic elements of anything that could be described as civil society", which "can be found in both major categories of intermediate organisation - the 'old' mass organisations and the new association" (White 1993, p.86). In the subsequent book *In Search of Civil Society*, White and his colleagues, however, argue that "civil society may not involve radical change through the sudden appearance of new, highly autonomous organisations, but can take place through a gradual evolution of both existing and new institutions", and "the extent to which a specific social organisation embodies ... is a question of degree, rather than either/or" (White, Howell and Shang 1996, p.6).

In the early 1990s, many scholars were inspired by studies aiming to interpret what had happened in Eastern Europe. They regard civil society as a crucial factor,

and subsequently looked for “civil society” in China. Yet, some other scholars, including Philip Huang and Eileen Otis, prefer an alternative approach, that is using cultural contextualised concepts, rather than civil society, to refuse the binary opposition between state and society in the Chinese context, for example, the third realm (Huang 1993b) and Guanxi civility (Lo and Otis 2003).

As empirical materials become increasingly available for academic research, scholars have made subsequent modifications on the conventional notion of civil society in the Chinese context. Frolic (1997) suggests a “state-led civil society” in which a myriad of social organisations and quasi-administrative institutions are “created from the top down as an adjunct to state power” (Frolic 1997, p.48), and “served as support mechanisms to the state” in the economic development and modernisation (Frolic 1997, p.56).

Baogang He proposes a “semi-civil society” (He 1997) and a “nascent civil society” (He 2003), as he observes that social organisations have dual functions (a channel to exert state control and a new way of enhancing state legitimization). Likewise, Kin-man Chan claims that there is a “civil society in the making” (Chan, Qiu and Zhu 2005). However, Chamberlain (1998) reflects the tendency to switch the “essentially western-based notion of civil society” to “civil society with Chinese characteristics”. He contends that if one fails to detect western style civil society in China, he or she “ought not to stretch the concept”, though we should not “simply reject out of hand the possibility of a civil society in China and abandon the search” (Chamberlain 1998, p.81).

Based on a cases study of a rural NGO (the Sanchuan Development Association of Guanting Township in Qinghai Province), Zhang and Baum (2004) posit that it is a genuine non-state organisation, “created by and operated for the benefit of the local community, and enjoyed a degree of autonomy and endogeneity” (p.106). They argue that it represents an emergent civil society in China, a sizeable understudied grassroots NGOs working in the fields of poverty alleviation, environmental protection, migrant-worker issues, education and community development in poorer regions of China.

Qiusha Ma (2002) argues that the power of Chinese state continues while its capacity to control NGOs declines. Furthermore, Ma (2006) finds that the development of NGOs since the late 1970s facilitates the formation of a civil society in China, after studying environmental protection movement, advocacy for victims of AIDS and drugs, organisations for women’s rights, and the HOPE project for children in deprived rural regions.

Teets (2009) examines NGOs involved in Sichuan earthquake relief and finds that the public participation in the relief efforts has strengthened the development of civil society, as NGOs’ professionalism, publicity, and interactions with the local state are increased. She also reveals the trust and capacity deficit between NGOs and their governing institutions in the earthquake relief. After interviewing leaders of grassroots groups, international NGO managers, environmental organisations, and some local government officials, Teets (2014) proposes a China model of civil society. She argues that civil society can bloom in the authoritarian state, when the state becomes a

“consultative authoritarianism” in which a mutual learning process occurred.

Interactions between autonomous civil society groups and local officials promote them to learn about the intentions and work processes of each other. Teets (2014) further summarises two mechanisms through which this policy learning occurs: “(1) direct experience with emerging civil society groups and (2) observing state-society relations in other provinces and states” (p.3). In other words, autonomous civil society groups can use successful experience to inform the state and improve government policies.

Tai (2015) highlights NGO leaders’ role in resource attainment and the role of NGO leaders’ state linkage, media connections and international ties in achieving organisational goals and building a civil society.

(2) Corporatism

In contrast to civil society, corporatism regards social organisations as institutional arrangements created or recognised by the state to retain control over diversified economic and social constituencies. The diverse interests of the constituents are vertically integrated into a limited number of associations at the central, regional or local levels, so that they can participate in the political process of interest intermediation, coordination and exchange (Baum and Shevchenko 1999, Chan 1993, Dickson 2000, Hsu and Hasmath 2013, Hsu and Hasmath 2014, Oi 1992, Pearson 1994, Pearson 1997, Unger and Chan 1995, Unger 1996, Unger 2008).

An often-quoted definition of corporatism comes from Philippe Schmitter (he then called it “neo-corporatism”):

“Corporatism can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports” (Schmitter 1974, pp.93-94).

Vivienne Shue (1994) utilises the framework of state-socialist corporatism to study associations in rural China, including the Xinji Association of the Self-employed, Chive Farmers' Association, and the Anxi County Tea Study Association. Similarly, Tony Saich suggests the current situation of state-society relations in China could be better called “quasi-state corporatism” (Saich 1994), and meanwhile warns the premature usage of civil society.

Pearson tweaks the term “state corporatism” to “socialist corporatism” by stressing China’s socialist features. In the case study of the China Association for Enterprises with Foreign Investment (CAEFI), Pearson (1994) has summed up the characteristics of socialist corporatism: “(a) the state sanctioned and established this functionally-based association and its branches; (b) it has granted the CAEFI a de facto monopoly; (c) a clear hierarchy exists between the national association and local branches; (d) officials, often from high levels, constitute the leadership and have a

role in setting the agenda; (e) many members believe they may only raise narrow complaints, and the officials are elected to leadership positions unanimously, suggesting an implicit agreement that members will observe certain controls on the articulation of demands” (Pearson 1994, p.42). By studying foreign-sector business associations in Beijing, Shanghai and Guangzhou, Pearson (1997) observes that these organisations “have the dual task of serving both control and co-optation functions, on the one hand, and advocacy for newly legitimized interests, on the other” (Pearson 1997, p.38).

In retrospect of the state-corporatist transition in East Asia (such as South Korea and Taiwan), Unger and Chan (1996) reveals corporatist trends in China at three levels of organisations: national level (e.g., peak Union Federation and All-China Federation of Trade Unions), regional/local level (e.g., the Women’s Federation and the Federation of Industry and Commerce), and micro-level (e.g., state-run enterprises). They claim that “different genres of corporatist organisations all still largely operate within the ‘state-corporatist’ mould, still dominated by the central state or by the local government that initiated them” (Unger and Chan 1996, p.128-129).

In a comparative case study of three organisations in Beijing Chaoyang district, Unger (1996) notes state corporatism is not equally applicable to business associations. In his three cases, the Self-employed Labourers Association and the Private Enterprises Association are “overwhelmingly dominated by the bureau that runs them, to the extent that they do not really play an intermediary function between their assigned constituencies and the state”, while the third organisation “the

Federation of Industry and Commerce has been carving out a role of actively representing large private interests to the local and central government” (Unger 1996, p.814-815). He then identifies seven factors to explain why some associations play a corporatist role while others do not (Unger 1996, p.815).¹

Christopher Nevitt (1996) studies two business associations in Tianjin (the Self-employed Labours' Association and the Industrial and Commercial Federation). He reveals that “the leadership of SELA at all levels in Tianjin is appointed by the government, and the entire ICF budget comes from the local party organisation” (Nevitt 1996, p.28-29). The branches of the two associations at lower administrative tiers are either concentrating on control function, or mainly serving career strategies of local officials (e.g., developing local networks of power and support). Nevitt thus argues that “the more closely one examines the actual behaviour of these associations, however, the less salient the notion of civil society appears” (Nevitt 1996, p.26).

Based on quantitative data compiled from two sourcebooks of registered social organisations, Minxin Pei (1998) discovers that the civic associations emerged in the market-oriented reform are “merely embryonic cells” and “do not yet constitute a full-fledged civil society”. He reveals that the policies toward civic associations are state-corporatist designs (Pei 1998, p.315), by examining variables of some crucial indicators (structural change, membership characteristics, pattern of growth, urban-rural gap) and comparing the situations in mainland China with Taiwan.

¹ These factors are “the central government's policy toward each association; the genre of organ that is chosen by the government to stand in a supervisory capacity over an association; the location and bureaucratic level at which the branches of an association operate; the strategic interests of local and middle-level officials; the social and economic status of a constituency; the voluntary or compulsory nature of an association's membership; and an association's sources of income” (Unger 1996, p.815).

Dickson's study of the logic of Party adaptation shows that the party-state "has relied less on coercion and propaganda to control society", but "develops links with other organisations, either new ones that it sanctions or old ones it revives. These corporate groups allow the party to organise interests emerging in the course of reform" (Dickson 2000, p.520). Dickson therefore claims that "corporatist structures are consequently emerging in China as a substitute for coercion, propaganda, and central planning to maintain hegemony" (Dickson 2000, p.532).

There are some studies, however, revealing that some social associations are not functioning well as state corporatist actors. For example, Ray Yep (2000) studies business associations in Huantai County at Shandong province and finds they do not promote horizontal interest integration, but hinder internal integration, owing to their fragmented characteristics in organisational scales and ownership types (privately owned, collectively owned, etc.). They are too dominated by the state to play the role of interest representation and communication. Yep thus claims that "there may be forms of corporatism emerging in China, but not in essence" (Yep 2000, p.548). Likewise, Foster investigates the business association in the Yantai city at Shandong Province, and observes that these organisations are "appendages of government or Party organisations" (Foster 2002, p.42) and "have little to do with anything we would conventionally called 'interest representation' or 'interest intermediation'" in the corporatist system. Foster (2002), like Yep (2000), claims that the concept of corporatism is of limited usefulness.

Qiusa Ma (2006) summarises the reasons supporting the application of state

corporatism in China. The first is the monopolistic nature of top-down associations and “one industry, one association” rule. The second is that the intermediary associations serve state missions and government functions. For instance, “the Federations of Industry and Commerce act to unite private entrepreneurs, while the Self-employed Labourer Association aim to control individuals who do not have a working unit (danwei) to oversee their behaviours” (Ma 2006, p.140). Thirdly, the majority of top-down associations are integrated into a “nationwide, hierarchically ordered system” linking the government and individual organisations, and they retain close ties to the state system, such as sharing the working space and personnel (Ma 2006, p.141).

Hsu and Hasmath (2013) reformulate corporatist framework as “corporatist state” to study “how NGOs, business associations, trade unions, and religious associations interact with the state”. Particularly, they explore how new state agencies at the local level partner with and influence various NGOs and social associations. They argue that the local state is “of the greatest importance to NGOs”, as it determines “the practical boundaries of what is acceptable or not for NGOs” and their interactions are based on “tacit and overt sanctioning” of the local state, which indicating NGOs how and when to engage with the state (Hsu and Hasmath 2013, p.8).

(3) Hybrid models

In the 2000s particularly the early 2000s, corporatism is prevalent in explaining the NGO-government relations in China. After 2000, especially in the late 2000s and the 2010s, hybrid models emerged by balancing the two competing perspectives, civil

society and corporatism, or engaging new phenomena (e.g. government purchase of NGO services).

Tony Saich (2000) investigates strategies adopted by several NGOs and claims that they are able to “negotiate their particular niches with the state that derives from a complex interaction of institutional, economic and individual factors, and often ‘subordinate’ themselves to the state of their own volition” (Saich 2000, p.139). Based on the studies of three cases (China Family Planning Association, Friends of Nature, and Rural Women Magazine), Saich shows that “such organisations have also been effective in negotiating with the state to influence the policy-making process or at least to bring key issues to the public domain” (Saich 2000, p.136). Interestingly, Saich discovers that these organisations pursue a “strategically optimal” (Saich 2000, p.139) level of autonomy rather than the highest level of autonomy.

In a study involving 316 villages and a set of case studies, Lily Tsai (2007) highlights the mutually-dependent relationship of “solidarity group” (temple associations and lineage groups) and local party leaders in maintaining local governance. She notes that these traditional social groups have rich informal ties with local authorities and can work in informal or personal ways to exert pressures on local government officials, making them accountable to deliver local public goods. She conceptualises this as “accountability without democracy”.

Yiyi Lu (2009), however, claims the loosening of state control leads to an “uncivil society” in China, “where rules do not exist or are ignored, and where organisations which are supposed to work for the public interest are being used to serve illegitimate

private interests instead” (Lu 2009). She further proposes a concept called “dependent autonomy” to capture the nature of state-society relations in the reform-era China: “social forces have gained substantial autonomy from the state, but they continue to depend on the state for various support and resources” (Lu 2009, p.144). By strengthening public relations, fundraising skills, and strategic management, some skilful organisations “have managed to draw as much support and supply from the state as possible, while at the same time maximizing their autonomy from the state” (Lu 2009, p.77).

In the model, namely “regulation, negotiation and socialisation”, Shieh (2009) criticises civil society and corporatist perspectives, and suggests that it would be better to discuss state-society relations under different contexts and dynamic negotiation manners, though the state control on NGOs and the pursuit of organisational autonomy both exists in Chinese social organisations.

Vivienne Shue (2011) reveals that in a social experiment of establishing “charity supermarkets” to assist the urban poor in Tianjin, “mutual empowerment” of state and society is potential to achieve in China – “giving a greater role to self-organised social groups while simultaneously enhancing the capabilities of the state to govern well” (Shue 2011, p.770).

Based on over 15 months’ fieldwork in Guangzhou and interviewing 31 grassroots NGOs, Anthony Spires (2011) studies the survival strategies of grassroots NGOs and finds that they have formed a “contingent symbiosis” with local governments. He points out that the conditions in which seemingly illegal NGOs can survive in the

authoritarian state are three points: (1) “the state is fragmented and censorship keeps information local”, (2) “NGOs refrain from democratic claims-making and address social needs”, and (3) “particular state agents can claim credit for any good works while avoiding blame for any problems”.

Drawing on insights of the “state-in-society” approach (Migdal 2001), Fulda, Li and Song (2012) studied strategies used by a particular grassroots NGOs, namely “Shining Stone Community Action” in Beijing, to improve constrained state-society relationship. Their research shows that by gaining the trust from government officials, NGOs can initiate open-ended communication, consultation and cooperation with the local state. These strategies can facilitate an incremental shift from the state control to the cross-sector collaboration, or in their words “network governance” between NGOs and the state.

Zhang and McWhinney (2012) analyse the ways in which a non-profit organisation in Shanghai serve the homeless people through collaborating and partnering with both public and private actors, and find the boundaries between the state and society are blurred. They find the state-society relations are complex, dynamic, and more mutually embedded.

Based on comparative analysis of NGOs in three different issue areas (environmental protection, HIV/AIDS prevention, and gay and lesbian rights), Timothy Hildebrandt (2013) reveals that “NGOs adapt to the changing interests of central and local governments, working in service of the state to tackle social problems. In doing so, the nature of NGO emergence in China effectively strengthens

the state, rather than weakens it”. He prefers the “co-dependence” as a new way of negotiating state-society relations in China, which means that “government requires the assistance of NGOs to govern, whereas NGOs need governments to extend political, economic, and personal opportunities to exist” (see the abstract of the book).

Jennifer Hsu (2014) claims that the state-society separation does not bring much about fruitful analysis. Turned from the lens of corporatism to the perspective of isomorphism, Hasmath and Hsu (2014) reveal that epistemic awareness of government-NGO collaborations and isomorphic pressures among the local states can promote local state actors to interact and collaborate with NGOs.

Hsu and Jiang (2015) highlight the previous working background of NGO leaders, which leads to different resource strategies of NGOs and relations with the state. NGO founders who once worked in the Party-state bureaucracy usually allies with state actors, while those who have no party-state experience avoid contacts with the state. Similarly, Hsu and Hasmath (2015) reveal that establishing close relations with government agencies is the favourable strategy of NGOs in influencing the formation and deliberation of government policies.

Some recent research highlights the role of local governments in re-regulating the social sector in China. For example, using the development of social work profession in Guangzhou as a case, Chung (2017) claims that social work profession can strengthen the civil affairs system of the Chinese government, as a tool for maintaining social stability, rather than becoming an independent social capacity leading to a civil society. He highlights the role of institutional context that existing

civil affairs system could no longer handle effectively social tensions and social problems, so that it created the space for social work to address social issues and thus facilitated social stability and harmony.

Cho (2017) also emphasises the role of social governance initiated by the government as an apparatus to relieve social tensions. Based on the ethnographic fieldwork in a Foxconn town in Shenzhen, she argues that the recent explosion of social work programmes, volunteer activities, and social organisations are representative of state initiatives for social governance. Social governance on the one hand serves the interest of global capital and the local state, and on the other hand provides young workers temporal place of dignity and equality, although their precarious conditions persists.

Based on the fieldwork in Shenzhen and Nanhai, Yuen (2017) in his D.Phil. thesis argues that NGO-government collaborations depend largely on the strategies employed by the local states, which are determined by political configuration and choices of local states. For some progressive NGOs, they pursued “service activism”, using state linkages and service provision to engage in rights or policy advocacy. The collaborations between local states and NGOs are likely to increase the adaptive capacity of China’s authoritarian system.

These studies shed light on the role of the state in re-regulating the social sector, based on evidence from Guangzhou, Shenzhen, and Nanhai. To further explore the strategies of local governments in re-regulating the social sector, this research proposes three models. Beijing is a top-down model, because the local government in

Beijing re-regulated government-organised NGOs (GONGOs) and relied on them to manage grassroots SOs. Shanghai is a platform-led model, as it built institutional platforms to regulate and manage social organisations. Shenzhen is a bottom-up model, since it reformed the regulations and made social organisations directly register without supervisory agencies. They represent three distinct models of how local states re-regulate the social organisation sector.

Howell (2015) observes that there is a shift in state strategies towards some labour NGOs from either repression or tolerance to co-optation in providing services to migrant workers. She argues that this is a part of a new strategy, namely “welfarist incorporation”, which has both a state logic of maintaining social stability and a market logic of stabilising production of welfares. Howell (2015) points out that the market logic is embodied in relaxation of registration regulations and governmental purchasing of services from social organisations.

In this research, social marketisation is different from the “market logic”. “Market logic” in Howell (2015) means that the state uses market mechanism (purchasing services) to increase the provision of welfare that it is not able to offer. Social marketisation or marketisation of social organisations refers to the marketised strategies of SOs to increase their resources and improve their capacity and performance in tackling social problems. Social marketisation matters, because it has an unexpected impact on NGO-government relations, that it can promote policy change. When SOs marketised, they have to address people’s real demands in order to survive, rather than to primarily meet the demands of the state to maintain social

control. To obtain government contracts for purchasing services, social organisations have to demonstrate their capacity and performance in solving social problems and addressing social issues. When social organisations can really address social issues, they have created social change, and then they are in a position to use social change to facilitate policy change.

This research is interested in policy change promoted by social organisations, because this issue is important yet still insufficiently studied. As aforementioned, existing literature on NGO-government relations usually focuses on how the state or governments control or co-opt SOs, or how NGOs survive or adapt in the authoritarian context. Yet, what kinds of social organisations are more likely to influence government policies, and how and why they can promote policy changes are not sufficiently researched.

1.3.2 Factors contributing to policy change

In order to comprehensively examine the impact of diverse factors which contribute to the occurrence of policy change, this research identifies three groups of these factors, based on the new hypothesis of social marketisation and existing literature in sociology and nonprofit studies. The three groups of factors are (1) social marketisation, (2) resources, and (3) institutional factors.

(1) Social Marketisation

Social marketisation refers to entrepreneurial and marketised strategies that social organisations use to grow and interact with the state. It includes two major tendencies

in the evolution of social organisations in China: social entrepreneurship and achieving government contracts for purchasing services.

Social entrepreneurship refers to drawing upon business techniques to address social problems and promote sustainable social changes (Dees 1998, Nicholls 2006). Social enterprises can play a significant role in the social sector, by creating and sustaining social values, not just economic values (Dees 1998). Social enterprises can be incorporated as both for-profits and non-profits, depending on the legal framework and social context in one country (Ridley-Duff and Bull 2011). This research sheds light on social entrepreneurship in the nonprofit or social organisation sector in the Chinese context.

In recent years, a growing number of social enterprises have emerged in China (Han 2013, Zhao 2012). They design and conduct professional services to address social issues, generate revenue by selling their services to customers, corporations and governments, and compete with other social organisations in the bidding for government contracts for purchasing services.

A critical indicator of social entrepreneurship in social organisations is the proportion of service income in the organisation's overall revenue. Commercial revenue may come from fees and charges for services, product sales, consulting, etc. According to Salamon (1993) and Young, Salamon and Grinsfelder (2012), the substantial growth of service fees and sales as an income source of nonprofit organisations is a principal facet of the marketisation of the nonprofit sector. Similarly, McKay et al. (2015) define the marketisation of NGOs as substituting

grants and donations with commercial revenue. Weisbrod (2000) also notes that nonprofits are mimicking private firms, and there is a shift in the financial dependence of SOs from charitable donations to commercial sales activities.

Not all social organisations that generate commercial revenue are social enterprises. Only when the proportion of service income has reached or exceeded 50% of the total income, can a social organisation be credited as a social enterprise (Han 2013). In terms of the qualification criteria set by an SE certification agency (the Social Enterprise Mark in the UK), “earning 50% or more of income” from trading or commercial activities distinguishes a social enterprise from a charity (relying on donations). “Over 50% of the profits generated from commercial activities are dedicated to social purposes” distinguishes a social enterprise from a business (100% profit distribution) (SEUK 2016). In the UK, if an organisation generates a surplus or profit from its trading or commercial activities, only when it uses 50% or more of the surplus/profit to further a social or environmental goal, it can be credited as a social enterprise. In China, social organisations which can conduct commercial activities, however, are legally forbidden to distribute profits generated from commercial activities (no profit distribution, in other words), in terms of China Charity Law (NPC 2016b). Therefore, if a NGO is legally registered as a social organisation, and it has a 50% or higher proportion of income from service provision, it can be accounted as a social enterprise in China.

The second dimension of social marketisation is achieving government contracts for purchasing services. Contract-based relations with the state are different from

corporatist relations or co-optation. In the corporatist arrangement, social organisations receive government grants and subsidies, depending on their “singular, compulsory, non-competitive” status and leadership co-optation (Schmitter 1974, pp.93-94). In government procurement of services, SOs compete with each other and there are no organisations enjoying monopolistic status. Therefore, achieving government contracts relies more on the capacity and performance of the organisation in tackling social problems and meeting social demands, and less on their background or leadership ties.

Signing contracts with the government in solving social problems and meeting social demands can establish an institutional channel of information exchange and mutual learning between social organisations and the government. SOs can use this channel to inform the government how they address social issues and how well they address them. When the government realises that the approaches or solutions of social organisations are effective, it becomes more willing to adopt similar approaches, or to help scale up the SOs’ solutions to address the social issues. A policy change can subsequently occur.

(2) Resources

Resource mobilization theory (Jenkins 1983, McAdam, McCarthy and Zald 1988, McCarthy and Zald 1977) believes that social actors require and mobilise personnel, financial, and other resources to carry out activities and pursue their goals. Similarly, resource dependence theory (Aldrich and Pfeffer 1976, Aldrich 1979, McCarthy and Zald 1977, Pfeffer and Salanick 1978) indicates that organisations rely on resources –

funding, people, information, and even recognition – from the external world to survive and thrive. Therefore, resources from the external environment play a significant role in shaping organisational decisions and behaviours.

It is reasonable to expect that social organisations with more resources are more likely to promote policy change. Extant literature has shown that the availability of financial and human resources enhances collective actions (Andrews and Edwards 2004). The scope and intensity of advocacy activities are greater in organisations with larger budgets and larger staff size (Bass et al. 2007, Child and Grønberg 2007, Donaldson 2007, Mosley 2010, Nicholson-Crotty 2007). Conversely, the lack of resources is a primary barrier to conduct advocacy activities and to pursue policy changes (Almog-Bar and Schmid 2014, Bass et al. 2007).

Based on existing literature, this research identifies three types of resources SOs have in affecting government policies and pursuing policy change: financial resources, human resources and other resources. Financial resources are embodied in the size of income or expenditure of the organisation. Human resources are mainly the full-time staffs and/or volunteers of the organisation. Other resources, such as recognition and legitimacy, can be reflected in the age of the organisation. Studies have revealed that older organisations are more established, enjoy more trust and legitimacy, and have more resources allocated for policy advocacy (Donaldson 2007, Salamon and Geller 2008). By contrast, younger organisations have not established themselves, struggle to gain resources and legitimacy, and invest limited resources in advocacy activities (Schmid, Bar and Nirel 2008, Schmid 2013). Therefore, SOs with more financial and

human resources and with longer working years are expected to have a higher chance of success in promoting policy change.

(3) Institutional factors

In addition to resources, institutional factors are also essential for SOs to pursue policy change. Institutional factors include co-optation (selection and background of SO leaders), regulatory environment (registration category, administrative level of operation, and geographical region), and issue areas.

As aforementioned, corporatism regards social organisations as institutional arrangements created or recognised by the state to retain control over diversified economic and social constituencies. One of the most crucial indicators of corporatism is co-optation, particularly the selection and the background of social organisation leaders. In the classic definition of corporatism, the selection of the leader is explicitly regarded as a key element of corporatist relationship (Schmitter 1974). In the study on the Tennessee Valley Authority (TVA), Selznick (1949) has defined co-optation as the absorption of external key actors into an organisation's decision-making structure. He provides an example in which the TVA co-opted local elites into the organisation's decision-making process in order to obtain legal and political support from local interest groups.

Co-optation may take two forms in Chinese SOs: (1) directly, through the government appointing SO leaders, and (2) indirectly, through the government accommodating people who have prior work experience in the Party-state to leadership positions in SOs. In the early history of the economic transition in China, it

was common for government officials to assume joint leadership positions in social organisations. Since the central government prohibited this practice in 1998, the number of government-appointed SO leaders have decreased (CPC&SC 1998). However, supervisory agencies (relevant government agencies or government-organised SOs) can still arrange retired or former government officials to take on leadership positions in SOs. As revealed by Hsu and Jiang (2015), the prior working experience in the Chinese party-state agencies of NGO founders created channels for social organisations to influence government policies. Therefore, based on corporatist theory, one may assume that SOs with government-appointed leaders, or government-background leaders, are more likely to influence government policies and promote policy change than SOs without such leaders.

Compared with corporatist theory which emphasises co-optation, neo-institutional theory highlights the role of a broader institutional environment. Neo-institutional theory posits that organisational structures and behaviours are largely shaped by the institutional or normative environment, instead of just reflecting resource dependencies or being determined by organisational strategies (DiMaggio and Powell 1983, Meyer and Rowan 1977, Meyer and Scott 1983, Powell and DiMaggio 1991, Scott and Meyer 1994, Scott and Christensen 1995, Scott 2004, Zucker 1987). In order to survive and grow, organisations have to conform to the rules, norms, values, standards, and expectations prevailing in the institutional environment.

When organisations are subject to largely the same institutional environment,

they become increasingly similar to one another over time, or become “isomorphic”. DiMaggio and Powell (1983) distinguish three mechanisms of isomorphic pressures (coercive, mimetic, and normative isomorphism). Similarly, Scott summarises “three pillars” of institutionalisation - regulative, normative, and cultural-cognitive. The regulative pillar consists of rules, laws, and sanctions, the normative pillar involves certification and accreditation, and the cultural-cognitive pillar includes common beliefs and shared logics of action (Scott 2001, p.52). Toivonen (2016) highlights the role of shared cultures and collaborations in the emergence of social innovation communities around the world. Hasmath and Hsu (2014) apply the lens of isomorphism to examine state-NGO relations in China, and suggest that when the state achieved the epistemic awareness of NGOs, the isomorphic pressures facilitates local states to collaborate with NGOs. Inspired by neo-institutional theory and these studies specifically, this research pays a particular attention to the regulatory and normative environment in which social organisations exist and operate.

In China, the basic institutional environment for social organisations is the registration system, which defines SOs’ legal categories, administrative levels of operations, and geographical regions of operation. *The Regulations for Registration and Administration of Social Organisations*, promulgated by the State Council, requires all existing non-governmental organisations, except mass organisations (人民团体), to register at the ministry or local bureau of civil affairs. This regulation also stipulates that social organisations must be subject to annual inspections by their supervisory agencies (relevant government agencies or government-organised SOs) in

their functional areas. Without the legal status, social organisations cannot conduct activities, raise funding, and bid for government contracts, let alone influence government policies.

In terms of the present regulations, social organisations have three legal categories in China: (1) social associations (SAs, 社会团体), (2) foundations (基金会), and (3) nonprofit organisations (NPOs, 民办非企业单位² or 社会服务机构). SAs are membership-based interest groups, representing the economic and social interests of different industries, businesses, sectors, and professional groups. SAs include industry associations, professional associations, academic associations, and united associations; Foundations are organisations using charitable donations to undertake public benefit causes, including public foundations and private foundations; NPOs are social service providers, mainly serving and representing the interests of marginalised, vulnerable, and disadvantaged people. Private schools, private hospitals, elderly care institutions, environmental organisations, health care groups, grassroots research institutes, organisations serving migrant workers, and religious groups are primarily registered as NPOs. As noted by Rich (2004), interest groups, foundations, and think-tanks are more aggressively promoting new ideas and pursuing policy change. Therefore, one may expect that SAs and foundations have a higher possibility of success in promoting policy change, compared with NPOs.

The administrative level of operation and the geographical region of operation are

² This has been translated somewhere as “private non-enterprise unit”, or “civil non-enterprise institute”. This study regards “non-profit organisation” as a more suitable term. Since September 2016, the term “民办非企业单位” (minfei) was formally changed to “社会服务机构” (social service agency), in terms of China Charity Law (NPC 2016b).

another two salient institutional factors. In China, there are four administrative levels for social organisations to register and operate: (1) national or central level, (2) provincial level, (3) city or municipal level, and (4) county or district level. The administrative levels and regions define the boundary of SOs' activities. For example, when a social organisation is registered at a provincial or city level, it is restricted to working within that province or city. It is not permitted to operate in other provinces, cities, or nationwide. This is known as the "territoriality management principle" (属地管理原则) in the current regulation. As noted by Hsu, Hsu and Hasmath (2016) that resource strategies of NGOs have regional variances, one may expect that there are also regional differences of social organisations in their influence on the government. Specifically, SOs registered at the higher administrative level or operated in or near to the political centre are expected to have a higher likelihood of promoting policy change.

Finally, the possibility of promoting policy change may vary across different issue areas. Social organisations in diverse issue areas do not equally engage in the activities of influencing government policies. For example, Child and Grønbjerg (2007) indicate that nonprofit organisations working in the fields of environment, health, and mutual benefits are more likely to engage in advocacy than human service organisations. Suárez and Hwang (2008) reveal that environmental organisations, civil rights groups, parent-teacher organisations (education) and hospitals (health) are more likely to lobby the government than organisations in other fields. Baumgartner and Leech (2001) also find that interest groups tend to focus on a small number of issues.

Therefore, SOs working in different issue areas are expected to have different likelihoods of success in promoting policy change.

1.3.3 Theoretical and analytical framework

Based on the literature and the above discussions, this research builds a framework by combining three groups of organisational and institutional factors to examine policy change promoted by social organisations, as presented in Figure 1.1.

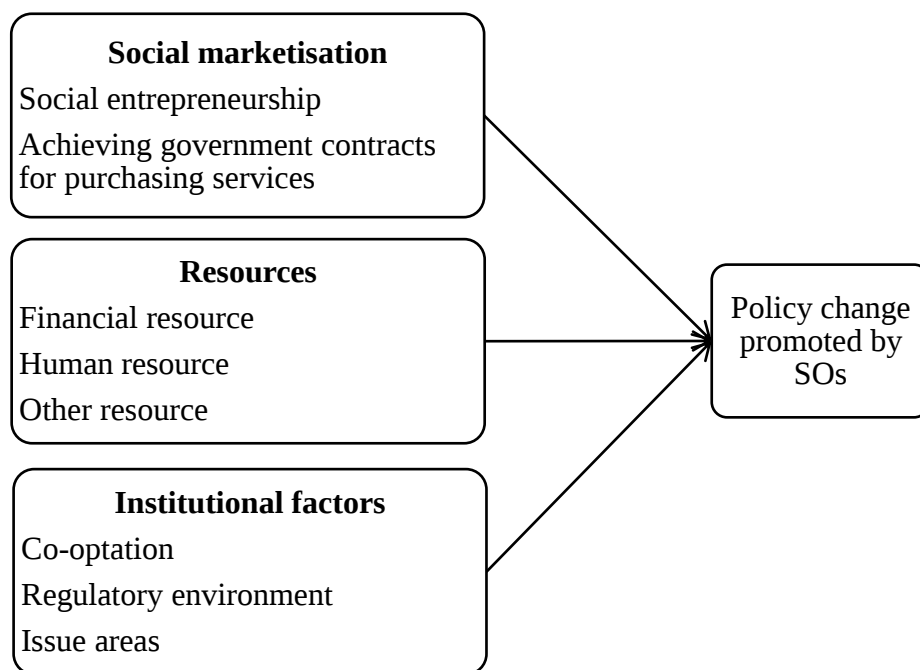


Figure 1.1: The theoretical framework

After building the framework of analysing factors contributing to policy change, this study illustrates the flow of the process of how social organisations can actually

promote policy change, as demonstrated in Figure 1.2.

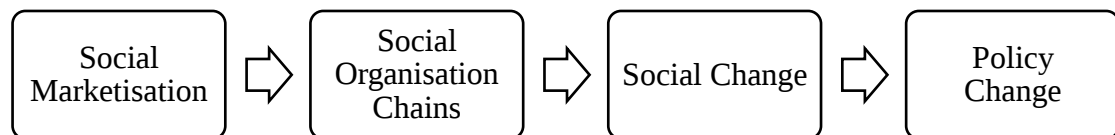


Figure 1.2: The analytical framework

Social marketisation means social organisations use entrepreneurial and marketised strategies to solve social problems and meet social demands. SOs need to use their capacity and performance in tackling social issues to influence the government. When SOs transform into social enterprises or bid for government contracts for purchasing services, they have to be professional, to focus on the segmentation that they are good at, and to establish a supply chain in the process of delivering professional services. Division of labour thus emerges among SOs. Some organisations are good at designing and delivering front-line services to the people in need, some organisations have expertise in providing technical support to front-line organisations, some organisations can provide financial resources, and some may offer institutional or legal infrastructure. No one organisation can perfectly conduct these work all in one. They have to interact and collaborate with each other. Collaborations among different types of social organisations therefore become essential in this process.

Based on literature review and my observations in the fieldwork, this research proposes an inclusive typology of social organisations, namely “social organisation chains” (SOCs), to outline the division of labour among SOs.³ Basically, SOCs include four types of social organisations: infrastructure organisations, financial organisations, support organisations, and operational organisations.

Infrastructure organisations, sometimes called umbrella organisations or meta-organisations, usually provide legal and sectoral infrastructure to enable frontline organisations to deliver their services more effectively, and represent them in the policy making process. They can be established either in a top-down manner by the state or in a bottom-up fashion by the growth and maturation of social organisations in one specific field or sector.

Financial organisations are social organisations that raise funding, make grants, and evaluate impacts. They pay for socially valuable services provided by frontline social organisations. In the social sector, they are often incorporated as foundations, including public foundations and private foundations. Some for-profit organisations (e.g. social investment agencies) may also function as financial organisations in the social sector, to provide financial resources to frontline operational organisations.

Support organisations (Brown and Kalegaonkar 2002) are to provide

³ Organizational typology is essential in examining state-society relations in China. Existing studies distinguish NGOs either based on their backgrounds (government-organized, grassroots, or hybrid) or in terms of their issue areas or working fields (e.g. environment, HIV/AIDS, labour, migration, education, community service, etc.). However, the lack of a uniform organizational typology leads to the result that the conceptualisations based on grassroots NGOs may do not apply to government-organized NGOs (GONGOs), and similarly, findings based on environmental or labour NGOs may do not apply to human service NGOs. Therefore, an inclusive and consistent typology of social organisations is needed to overcome the limitations of existing typologies of NGOs. Social organisation chains, as an inclusive typology of SOs, contribute to establishing a new conceptualisation of state-society relations in China.

managerial, technical, and information support for other social organisations, particularly frontline organisations. The support services they offer include, for example, incubation, capacity building, management consulting, bespoke mentoring, leadership skills, board governance, fundraising, information dissemination, knowledge exchange, space provision, nonprofit marketing, and IT services.

Operational organisations or grassroots SOs undertake frontline work and services in a wide range of fields, including for example, poverty alleviation, social services (e.g. elderly, child and disabled care), environmental protection and biodiversity conservation, culture and education, physical and mental health, climate change, professional social work, and affordable housing. Operational organisations are recipients of resources and support. Rather than lending these resources to other organisations, they use them to directly finance their operations and service delivery.

The four types of social organisations can establish a series of chain-shaped interactions and collaborations. Therefore, the collaborations among them are named “social organisation chains” (SOCs). The coining of this term is inspired by similar concepts, including “supply chain” (Metz 1998) and “value chain” (Porter 1985).⁴

The interactions among the four types of social organisations are “chain”-shaped, because operational organisations undertaking frontline work often have been disconnected from financial organisations and infrastructure organisations, so that they lack funding and legitimacy. Support organisations emerge to fill this gap, by

⁴ The difference between SOC and other chain-related concepts is that SOC refers to collaborations among social organisations, while other concepts refer to the value creation and collaborations in the private sector.

constructing connections between operational organisations and financial and infrastructure organisations. What is more, support organisations can channel resources from financial organisations to operational organisations, and can facilitate infrastructure organisations in providing legal and sectoral support to enhance the legitimacy of frontline operational organisations. In this sense, support organisations can play a catalytic role in the formation of social organisation chains. Chapter 3 will depict this process in more detail.

Operational social organisations can use entrepreneurial and marketised strategies to address social issues by designing and conducting professional services. Support organisations can help operational organisations in obtaining resources and support from financial and infrastructure organisations for service delivery. In this process, social organisation chains (SOCs) have been established among these organisations. When SOCs have been established, the frontline operational SOs are empowered with technical support, financial resources, and institutional infrastructure to address social problems. They are thus more likely to make a difference to these problems. When they can make a difference to these social problems, they have created positive social change.

Positive social change (PSC) is “the process of transforming patterns of thought, behaviour, social relationships, institutions, and social structure to generate beneficial outcomes for individuals, communities, organisations, society, and/or the environment beyond the benefits for the instigators of such transformations. The ‘beneficial outcomes’ of this process are often referred to as (positive) social impact” (Stephan et

al. 2016, p.3). In this research, “positive social change” refers to the social progress promoted by social organisations in solving social problems, meeting social demands, or creating social values.

When SOs have evidence that a positive social change occurred because of their work, they can convince, either directly or indirectly, the government to make a new or alternative policy approach to that problem. Therefore, social marketisation strategies may, in the end, lead to the success of SOs in promoting policy change, as outlined in Figure 1.2.

“Policy change” refers to “new policies or incremental shifts in existing policies” (Bennett and Howlett 1992). Policy change is the outcome of government policy making (Birkland 2011).⁵ This research is primarily interested in the emergence of new policies or new practices, which governments have undertaken to address pressing social issues.

This research argues that there is a positive relationship between social marketisation and policy change, and presents the process and mechanism of how social marketisation leads to policy change. This research, however, does not claim that it is a causal relationship between social marketisation and policy change.

⁵ This research does not delve into the internal policy-making process of the government. It is easy to identify whether a new policy has been issued or enacted by the government. Yet, it is difficult to observe clearly, even for some insiders, how the government sets the agenda and deliberates different policy solutions. At times, agenda setting and policy deliberation are not formal, clear-cut, or even undertaken primarily by the top decision-makers in China. This research thus follows the input-output model in the textbook of public policy (Birkland 2011, p.26-27), treats the internal policy-making process as a “black box”, and mainly focuses on the outputs of the government policy making (that is the “policy change”).

1.4 Research Methods and Data

After having reviewed the literature and building the framework, the following section presents the methods and data used in the thesis. This research use both quantitative and qualitative methods, or mixed methods, based on three rationales.

The first rationale is to take the full advantage or make the maximum usage of both quantitative and qualitative approaches, which are in fact complementary.

Quantitative methods are using numerical data and statistical models to make objective measurements and systematic examinations of social phenomena (Babbie 2010). The advantage of quantitative methods is that they are more efficient to test hypotheses and generalise findings (Singh 2007). The disadvantage of quantitative methods is that they have difficulties in understanding context of a phenomenon or exploring focused issues in great depth. Qualitative methods are seeking an understanding of social realities and draw attention to processes, meaning patterns and underlying structures (Flick, Kardorff and Steinke 2004). The strengthen of qualitative methods is that they can provide detailed information to explain complex issues, while their weakness is that the sample size is typically small, and findings usually cannot be easily generalised to the population or the community. Therefore, quantitative and qualitative methods are in fact complementary. Each method has its strengths and weaknesses, while the weakness of one method is the strengthen of the other. When using them together, however, a clearer and richer picture of the situation can be presented than either of them can provide alone.

The second rationale for using both quantitative and qualitative methods is that quantitative data can pave the foundation for qualitative analysis. Quantitative data can provide a general overview of SOs' marketisation and their relations with the governments, especially changes in those aspects since the 2000s. Quantitative analyses can identify statistically significant variables, for example, social entrepreneurship and government purchase of services in this research. Based on the findings of quantitative analyses, qualitative studies then can focus on details and processes of the interested aspects of SOs as highlighted in the quantitative analyses. Without the general overview and significant variables identified in the quantitative analyses, it is not easy to contextualise and undertake the qualitative analyses, particularly case studies.

The final rationale of using both quantitative and qualitative methods is that the choice of research methods largely depends on the nature of research questions. Quantitative methods are good at addressing questions of what and to what extent, while qualitative methods are better to answer questions of how and why. In this research, research question one is asking what kinds of social organisations are more likely to succeed in promoting policy change. In terms of the nature of this question, researchers have to clarify and compare the effects of different organisational characteristics on the chance of success of SOs in promoting policy change, particularly to what extent social marketisation contributes to the policy change promoted by SOs, after controlling other resource and institutional factors. Thus, statistical analyses and quantitative data is required. The second research question is

how and why some social organisations can promote policy changes in China. To illustrate how social organisations with characteristics of social marketisation emerged, operated and successfully facilitated desired policy changes, case studies are appropriate. To summarise the mechanism underlying the successful cases of promoting policy changes in social organisations, and to examine how local states in Beijing, Shanghai, and Shenzhen re-regulates the social organisation sector, the comparative case studies are needed. Therefore, to address different research questions, different methods are used in the research.

In sum, to take the full advantage of both quantitative and qualitative methods, this thesis adopts mixed methods (Johnson, Onwuegbuzie and Turner 2007), including statistical analyses, interviews, and case studies, to address different research questions.

1.4.1 Statistical analyses and databases

To address Research Question 1, this research draws on the method of statistical analyses, by using three large-scale survey databases. The three databases are Chinese Social Organisation Survey 2004 (CSOS 2004), Chinese Social Organisation Survey 2010 (CSOS 2010), and National Survey of Charities and Social Enterprises 2010 (NSCSE 2010).

Chinese Social Organisation Survey 2004 and 2010 were initiated and designed by University of Tsukuba's Center for International, Comparative, and Advanced Japanese Studies, and co-designed and collected by Peking University's Centre for

Civil Society Studies. The database of CSOS 2004 has been open accessed online since 2008 (JIGS Data 2004), and everyone can apply to use it. The database of CSOS 2010 is not open accessed currently, but will open in the future.

This thesis chooses to use only open-accessed or published statistics of the two databases, either from the online data (JIGS Data 2004) or from three publications (Han 2016b, Tsujinaka, Li and Kojima 2014, Tsujinaka 2016). Appendix A provides the questions in CSOS used in the thesis, which were also published on Tsujinaka's book (2006, p. 227-251).

By comparing CSOS 2010 with CSOS 2004, this research can unfold the growing tendency of social marketisation in Chinese social organisations, and test whether social marketisation is positively related to the policy change promoted by SOs and the policy influence of SOs in China. The two databases combined with relevant administrative data from Chinese yearbooks on SOs can provide an overview of SOs' activities, their relations with the governments, and the market-oriented changes since the 2000s, particularly between 2004 and 2010. Without such a quantitative data providing a general description of the social organisation sector, it is difficult to contextualise the case studies.

In 2004, the whole sector of social organisations was small in China, with 289,432 registered SOs. NPOs, as the second category for SOs, were permitted to register for only five years, and foundations were allowed for legal registration for the first time in 2004. The term "Social Enterprise" was first introduced to China by the journal *China Social Work Research* in 2004, and British social entrepreneurs first

visited China to provide training on social entrepreneurship in 2004 (Zhao 2012, p.31). In 1996 and 1998, the Shanghai government first purchased elderly care services from social organisations. Since 2000, the practice of government purchase of services has gradually extended to other regions and to more issue areas (e.g. education, employment, health care, community culture, social security, and industrial services) (SMGLAO 2013). In the year 2004, the marketisation of the social organisation sector in China was at an early stage.

In 2010, the situation changed, and the tendency of social marketisation became more visible. From 2004 to 2010, the total number of SOs increased from 289,432 to 445,631, which was almost doubled (MOCA 2016b). The model of social enterprises became more popular in Chinese SOs. For example, in 2010, the China Social Entrepreneur Foundation launched the first Social Entrepreneur Forum, which consolidated the identity of social enterprises in China (Zhao 2012, p.34). The scale and scope of government procurement of services from SOs expanded. In 2009, for instance, the Shanghai government launched the first large-scale procurement of services from SOs, namely the Community Venture Philanthropy Competition, which became a regular event in the subsequent years and expanded to other regions (Cai 2011). In 2010, the tendency of social marketisation was strengthened in Chinese SOs. With the growing social marketisation, the impact of social organisations on policy change promoted by SOs and policy influence of SOs are thus expected to be positively visible. By comparing CSOS 2010 with CSOS 2004, the growing tendency of social marketisation and its positive impact on policy change can be revealed.

The sampling method of the CSOS was as follows. Firstly, the researchers divided the geographical regions of China into three categories (North, Central, and South). One province was selected from each category.⁶ In this way, Heilongjiang, Beijing and Zhejiang were chosen. Beijing is a national capital with a vibrant NGO sector. Zhejiang is a coastal, more developed province. Heilongjiang, located in the Northeast “rust belt”, is less developed with a lower GDP level than coastal provinces.

Secondly, based on a full list of social organisations registered in the three provinces, a stratified and two-stage Probability Proportionate to Size (PPS) sampling was conducted. Within each local authority, the sample was stratified by the registration category (social association, foundation, and nonprofit organisation) and then by administrative levels of registration (province, city, and district/county).

Finally, hard copies of survey questionnaires were developed and mailed to leaders of the selected social organisations.⁷ The questionnaires were filled in the way of self-completion under the supervision of investigators, or completed and returned through self-addressed and pre-paid envelopes. In the end, CSOS 2004 yielded 2,858 valid responses from 8,897 targeted social organisations, with a valid response rate 32.1% (Tsujinaka 2016, p.19). CSOS 2010 generated 2,588 valid

⁶ Beijing is a “municipality under central administration” (zhixia shi), but its administrative level equals to a province. See: <https://zhidao.baidu.com/question/264317355.html>. Last accessed on 5 April 2017.

⁷ The survey questionnaires were not filled by ordinary workers of social organisations, but by their leaders. On the cover letter of the survey questionnaire, two important notes were made clearly: “1. The survey questionnaire should be filled by a main leader of the organisation (secretary general, director, or above), who know comprehensive situations of the organisation and can represent the organisation to express opinions. 2. Your answers to these questions do not have to be the formal responses from your organisation, but please answer these questions at the standpoint of your organisation.” (For the full-text of the cover letter of the survey, see Tsujinaka 2016, p.228-229). Also, there is a question at the end of the survey to request the informant to clarify his or her position in the organisation (options are: director, deputy director, secretary general, or departmental head).

responses from 4,057 targeted social organisations, with a valid response rate 63.8% (Tsujinaka 2016, p.20).⁸

In addition to CSOS 2004 and 2010, this research also uses the data from the UK to test the relationship between social marketisation and policy influence of social sector organisations. It is noteworthy to clarify that this research does not compare third sector organisations in the UK directly with social organisations in China, considering different institutional environments. Instead, the function of using the UK data is to test the core argument of the thesis. If the relations between social marketisation and policy influence of social sector organisations are proved to be positive again, it means that the social marketisation thesis has a wider applicability. The analyses using the UK data can thus strengthen the core argument of this research.

The UK is the earliest and still a leading country in the development of social marketisation. Since the 1980s, the UK government has created many policies to foster an efficient market for third sector organisations to deliver public goods and services (Newman 2007). In 2001, the Department of Trade and Industry (DTI) set up a Social Enterprise Unit to provide support for social enterprises. This unit was incorporated into the Office for the Third Sector (OTS) in 2006, which was re-titled as the Office for Civil Society in the Cabinet Office in 2010 (Hall, Alcock and Millar 2012). In 2002, the national umbrella body, Social Enterprise UK, has been

⁸ CSOS 2010 has used multiple strategies to improve the response rate and lower the proportion of missing values. Three waves of telephone calls, text messages, and email reminders were conducted to increase valid responses. For those organisations that did not returned the questionnaires, a group of graduate students visited their sites to urge their completion of the survey. In Beijing alone, over 20 graduate students participated in the data collection.

established. In 2005, the Community Interest Company (CIC) was set up as a new legal category for the registration of social enterprises in the UK. In 2009, the Department of Health established the Social Enterprise Investment Fund (SEIF) to assist social enterprises in delivering health and social care services. In 2010, all major parties in the UK announced support for the development of social enterprises. After the election 2010, Prime Minister David Cameron launched the “Big Society” scheme, one of its core strategies is to enhance the role of charities, social enterprises and voluntary organisations in addressing social issues and meeting social demands. In 2011, the world’s first Social Impact Bond appeared in Britain. In 2012, Big Society Capital was launched in London. In 2013, Social Value Act was promulgated, Social Stock Exchange was founded, and G8 Social Investment Task Force was set up. Therefore, the rapid development of social enterprises and financial support from the government therefore made the UK become one of the best places to test the social marketisation thesis.

This research uses the National Survey of Charities and Social Enterprises 2010 (NSCSE 2010) to test the social marketisation argument. The National Survey of Charities and Social Enterprises (NSCSE), formerly known as the National Survey of Third Sector Organisations (NSTSO), was initiated by the Office for Civil Society of Cabinet Office UK and implemented by Ipsos MORI, Social Research Institute.⁹ In 2010, the investigators sent survey invitations to 112,796 third sector organisations

⁹ NSCSE 2010 is open accessed online. See the website: <https://discover.ukdataservice.ac.uk/catalogue/?sn=7347&type=Data%20catalogue>. Researchers based in the UK can login the website (<https://www.ukdataservice.ac.uk>), and download the database by using their institutional email account. Last accessed on 14 April 2017.

across all 151 single and two-tier authorities in England. In the end, 44,109 organisations completed a postal or online questionnaire. The valid response rate is 41%. More information of NSCSE 2010, including sampling method, data processing, and questionnaire content, can be found in its online technical report.¹⁰

1.4.2 Case studies and data

To address Research Question 2, this research uses the case study method (Gerring 2007, Ragin 1992, Yin 2009) to present the process of promoting policy changes by social organisations, and to dig deeper into the mechanism underlying the process. Notably, this research selects two cases of social organisations which have successfully promoted the enactment of five new policies from local and central governments in China. The two case studies have been published on China Review (Han 2016a).

The first case is Nonprofit Incubator (NPI). My interest in NPI dates back to 2009, when I worked at a think-tank in Beijing and engaged with a research team to investigate survival difficulties of social organisations in China. With colleagues, I conducted 68 interviews with various SOs in Beijing, Shanghai, Guangdong and Yunnan, using snowball samplings in 2009-2010 (the interview list is in Appendix B). Every organisation interviewed was enquired about its survival difficulties, and each organisation was invited to provide at least three names of other SOs that it frequently

¹⁰ The technical report can be downloaded from the link: http://doc.ukdataservice.ac.uk/doc/7347/mrdoc/pdf/7347_nscse_technical_report_2010.pdf. Last accessed on 14 April 2017.

contacted or recommended us to visit. NPI captured my attention, because it was frequently mentioned or recommended by other social organisations. NPI is specialised in providing multifaceted support services for other social organisations, especially for nascent and grassroots SOs. In the fieldwork, I found that NPI had successfully facilitated the formation of three new government policies, by working closely with local governments.

The three new policies are nonprofit incubation, venture philanthropy competition, and national charity fairs, respectively. Before the emergence of NPI, there was no policy related to nonprofit incubation in China. NPI has first promoted Shanghai government to institute a new practice that nascent SOs can receive incubation services and capacity building training before registration and bidding for government procurement of services. This policy soon spread from Shanghai to other cities and regions in China. The second policy change is the enactment of venture philanthropy competition, which was also first initiated by NPI in collaboration with the Shanghai government. Similarly, this new practice also soon spread to other cities. The third policy change related to the national charity fair. Nonprofit exhibitions were piloted by NPI in Beijing. Later, the Ministry of Civil Affairs took over the form of exhibition and scaled it up to a national charity fair held annually in the city of Shenzhen. Therefore, NPI has succeeded in promoting three policy changes in the field of nonprofit support from local and central governments.

The second case is China Foundation Centre (CFC). CFC was founded in 2010 by 35 major Chinese foundations. Its mission is to address challenges in the

foundation sector, strengthen their internal coherence, and make an impact on government policy making. I discovered CFC in my fieldwork in 2013. CFC is well-known for its work in establishing a real-time “big data” of Chinese foundations, based on which it even has developed a series of professional data services. I visited CFC several times, and found that CFC had successfully promoted the emergence of two new government policies in local and central governments.

One policy CFC encouraged is the information disclosure of foundations from local governments, and the other is the free lunch policy for rural children carried out by the central government. In China, the information of foundations is gathered and retained by government agencies through annual reports, without public disclosure. However, in recent years, the lack of transparency of foundations has seriously undermined the credibility of the whole foundation sector. CFC has successfully promoted different local governments to release the foundation information to the public, in order to enhance the transparency of the foundation sector. The second policy change is that the central government decided to allocate 16 billion Chinese Yuan (CNY) to improve childhood malnutrition by providing free lunch to 26 million students in 592 national-level poor counties.¹¹ The enactment of this new policy was promoted by CFC and several organisations collectively. This thesis will examine the process of how the two policy changes occurred in detail.

In scrutinising the processes of NPI and CFC in promoting the five policy changes, the key to their successes is the formation of social organisation chains.

¹¹ News source: <http://baike.baidu.com/view/2775177.htm>. Last accessed on 2 April 2017.

When they have established social organisation chains, they can address the social problems effectively, because they are equipped with expertise, technical and financial support and institutional infrastructure. When they addressed social problems properly, they created positive social changes. With evidence of the positive social changes or social impact, they could encourage the government to make relevant policy changes. In this process, the formation of social organisation chains is critically important, and this process is depicted in detail in the two case studies.

According to Yin (2009) and Gerring (2007), “context” is vital for successful analysis of case studies. Behind the two case studies, a significant context is the role of the state. Since the 2000s, the Chinese state has been re-regulating the social organisation sector and changing institutional environment for the survival and growth of social organisations, as shown in the research comparing the strategies of the three local states (Beijing, Shanghai, and Shenzhen). This change of state strategies is in part because China faces unprecedented social problems and social demands arising from demographic change, rapid urbanisation and unequal development, while the resources and capacity of the state are insufficient to address these issues. Simultaneously, the state is unwilling or unable to relinquish control on social organisations. The consequence is that the social organisation sector has been strengthened in addressing social issues, and simultaneously the reach and collaborations of the state with social organisations were extended.

To show the wider applicability of social organisation chains and explore how the local governments re-regulate the social organisation sector, this research further

examines the formation of four types of social organisations (infrastructure, financial, support, and operational organisations) in three leading Chinese megacities (Beijing, Shanghai, and Shenzhen), and summarises three distinct models.

The reason for choosing the three cities is that, when using the lens of social organisation chains to examine different cities and regions, Beijing, Shanghai, and Shenzhen have demonstrated three distinct and original models in social governance. Beijing is a top-down model in building SOCs. It initiates and strengthens infrastructure and financial organisations, through top-down reforming and transforming mass organisations and social associations to provide sectoral infrastructure and financial resources for other social organisations. Shanghai is a platform-led model. It is the first city to have established the middle segmentation of social organisation chains among social organisations, by scaling up support organisations to large-scale management and resource distribution platforms for SOs. Shenzhen is a bottom-up model in the formation of social organisation chains. It enhances the role of operational organisations in meeting social demands and solving social problems, by opening direct registration for SOs and creating favourable operating environments for operational organisations.

The analyses of the two prominent cases (NPI and CFC) and the formation of social organisation chains in three leading cities (Beijing, Shanghai, and Shenzhen) are based on 115 interviews conducted in 2009-2014, and multiple archives and fieldwork notes collected during and after the fieldwork. A full list of these interviews is in Appendix B.

Specifically, the data for NPI and CFC case studies come from (1) 15 first-hand interviews with NPI and CFC staff (4 at the top level, 6 at the middle level, and 5 at the entry level), and about 50 interviews with their connected organisations, officials, and academics; (2) secondary interviews with NPI and CFC employees and government officials that appeared in academic journals or mass media; (3) field notes from participatory observations in Shanghai, Beijing and Guangdong during two periods (from May 2009 to January 2010 and from August 2013 to January 2014); and (4) various archives collected during fieldwork and online, including webpages, brochures, briefs, annual reports, research articles, and media coverage. These materials were analysed and presented, through the case study method, to indicate how NPI and CFC have used entrepreneurial and marketised strategies to promote social and policy changes.

The data used to explore the formation of social organisation chains in the three cities include: (1) interviews conducted in the three cities and neighbouring regions in two rounds of fieldwork (from May 2009 to January 2010 and from August 2013 to January 2014), and (2) multiple documents collected and archived during and after the fieldwork, including webpages, brochures, briefs, annual reports, research articles, and mass media reports.

In the first round of the fieldwork (from May 2009 to January 2010), I worked as a research assistant at a Beijing-based think-tank and conducted interviews with colleagues. We contacted interviewees through snowball sampling. Leaders, managers, and representatives of social organisations, research centres, and

government agencies were interviewed face-to-face formally for one hour on average (ranging from 30 minutes to two hours). Most the interviews took place in Beijing, and a few of them were in Shanghai, Guangzhou, Shenzhen, Kunming, and Foshan. These interviews were transcribed by myself, and I have the co-ownership of the data. My identity as a member of the research team and a graduate student at that time did not affect the process of the data collection.

In the second round of the fieldwork (from August 2013 to January 2014), I carried out interviews by myself. Interviewees were identified by personal connections and snowball sampling. I approached interviewees by introducing myself as a doctoral student in Sociology at University of Oxford, so they knew my identity clearly. Diverse methods of interviews were used, including face-to-face formal interviews, informal chats, interviews via phones or emails, etc. Some interviews were semi-structured and voices were recorded, while others were chats and only notes were taken. Each interview lasted from 20 minutes to about one hour. These interviews took place mainly in Beijing and Shenzhen. A full list of interview questions is provided in Appendix B. The common difficulty I encountered in the fieldwork was that some interviewees refused to participate in the research. In that case, I usually invited them to recommend their friends in the connected organisations who may be interested in the interview, so that I can contact them with referrals. The data of these interviews is solely owned by myself.

The fieldwork and interviews followed the institutional ethics protocols. Before conducting interviews, consents were sought from interviewees. It is the interviewees

who determined whether or not they want to participate in this research, whether keep their identity anonymous or not, and whether their voices were recorded or only notes were taken. The names of interviewees who preferred anonymity did not appear in the thesis and other publications. Some interviewees and the story of their organisations, including NPI and CFC, frequently appeared on media articles, news reports, and academic publications, so they were comfortable for journalists and researchers to use their personal or organisational names. The anonymity or publicity of interviewees in the two case studies did not affect the data gathered, as the information of the two organisations can be double checked from media articles, annual reports, and other informants. Before the fieldwork, the ethical approval was issued from Social Sciences & Humanities Inter-Divisional Research Ethics Committee at University of Oxford.

1.5 Outline of the Thesis

After presenting the research questions, potential answers, frameworks, methods and data, the remainder of the thesis is organised as follows.

Chapter 2 addresses Research Question 1: What kinds of social organisations are more likely to succeed in promoting policy change and have a higher level of influence on government policy making? Based on the three databases, this chapter presents the measurements of policy-related dependent variables and a series of organisational and institutional factors. It then reports the descriptive statistics of key

variables, and examines the effects of social marketisation on policy change promoted by SOs and policy influence of SOs. The findings quantitatively support the argument that the new tendency of social marketisation in social organisations can strengthen their chance of success in promoting policy change and improve their influence on government policies.

Chapter 3 addresses Research Question 2 by presenting an in-depth and detailed case study on Nonprofit Incubator (NPI). Although Chapter 2 demonstrates a positive association between social marketisation and policy change, little is known about how social organisations actually use entrepreneurial and marketised strategies to solve social problems and promote policy change.

NPI was founded in 2006 to address two social problems faced by grassroots SOs: resource scarcity and difficulty in legal registration. NPI has devised and conducted two professional services – nonprofit incubation and venture philanthropy - to address these two pressing issues, and has successfully sold these services to private and foreign foundations. It has also achieved government contracts for purchasing services. As a typical support organisation, NPI has channelled resources from private foundations and corporations to relieve the resource scarcity of operational SOs. NPI has also empowered operational SOs to register and bid for government procurement of services. In this way, NPI has established social organisation chains among four general types of SOs (operational, support, financial and infrastructure organisations). By establishing social organisation chains, NPI promoted the positive social change – the survival difficulties of incubated SOs have

been greatly relieved. Based on evidence of this social impact, NPI has facilitated the local and central government to enact three new policies in the field of nonprofit support (nonprofit incubation, venture philanthropy competition, and national charity exhibition). The case study of NPI demonstrates the process of promoting policy changes by using social marketisation strategies.

Chapter 4 presents another prominent case – China Foundation Centre (CFC) – to address the same research question: How and why can some social organisations use social marketisation strategies to promote policy changes? CFC was founded in 2010 to address the pressing issue faced by the foundation sector: the lack of transparency. CFC devised and ran a real-time transparency ranking system - the Foundation Transparency Index (FTI) – to enhance the visibility and transparency of foundations in China. Furthermore, CFC runs an online platform for specialised information disclosure to visualise the donation from foundations and the general public to rural children with malnutrition. By establishing social organisation chains, CFC promoted the positive social change – the transparency of the foundation sector has been improved and the malnutrition of rural children has been relieved. These social changes have promoted policy changes. Local governments started to disclosure foundation information to the public through third-party organisations such as CFC. The central government has allocated 16 billion CNY to provide free lunches to 26 million school students in 592 rural counties. This chapter reveals the process of how CFC used social marketisation strategies to promote two policy changes in China.

Chapter 5 summarises the mechanism underlying the success of NPI and CFC in

promoting five policy changes, and highlights the critical role of establishing social organisation chains in addressing social problems, creating social changes, and promoting policy changes. Chapter 5 argues that the formation of SOC is the key mechanism underlying the success of NPI and CFC in promoting five policy changes.

Through the lens of social organisation chains, this research further examines the ecosystem of social organisations in three leading cities (Beijing, Shanghai, and Shenzhen), and reveals the wider applicability of social organisation chains at the city level. This chapter shows that SOC can not only apply to the two cases (NPI and CFC), but also have a wider applicability in major Chinese cities.

Chapter 6 discusses the relations between social marketisation and other significant theoretical and practical issues. Specifically, it explores three critical issues: (1) the differences between civil society, corporatism, and social marketisation, (2) the relations between social marketisation and state control over social organisations, (3) the differences between social marketisation and bargained authoritarianism, and (4) the potential impact of the changing legal environment, particularly the enactment of two new laws (the China Charity Law and the Law on the Management of the Activities of Overseas NGOs within Mainland China), on the new tendency of social marketisation.

Chapters 2 to 6 all focus on the relations between social marketisation and policy change. As illustrated in Figure 1.3, the relations of the five empirical chapters are parallel and deepening. Chapter 2 quantitatively verifies that there are positive associations between social marketisation and policy change. Chapter 3 and 4 use

case studies to show how two typical social organisations use social marketisation strategies to create five policy changes. Chapter 5 summarises the mechanism underlying the success found in the two cases and shows the potential wider applicability of this mechanism. Chapter 6 further discusses social marketisation and other theoretical and practical issues. In sum, the five empirical chapters of this thesis, as a whole, support the core argument of the thesis that social marketisation can enhance social organisations in promoting policy changes in China.

Chapter 7 concludes the thesis by summarising the findings in the five empirical chapters. It presents the contributions and limitations of this research, and discusses future research directions.

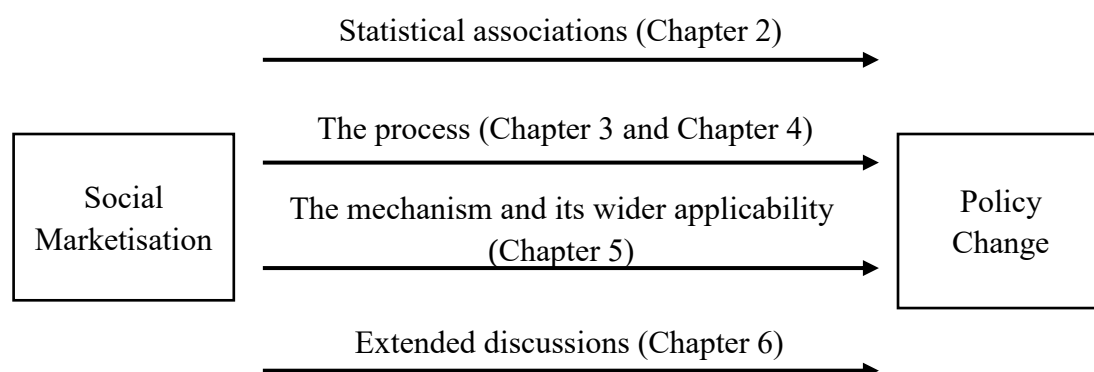


Figure 1.3: The relations of the five empirical chapters

Chapter 2: Social Marketisation and Policy Change

2.1 Context: Social Organisations in China

In the past three decades, social organisations have proliferated dramatically in China. As shown in Figure 2.1, there were only 4,446 SOs registered in 1988, while by the end of 2014 the number of SOs had increased 136-fold to 606,048, with an average annual growth rate of 20.8%.

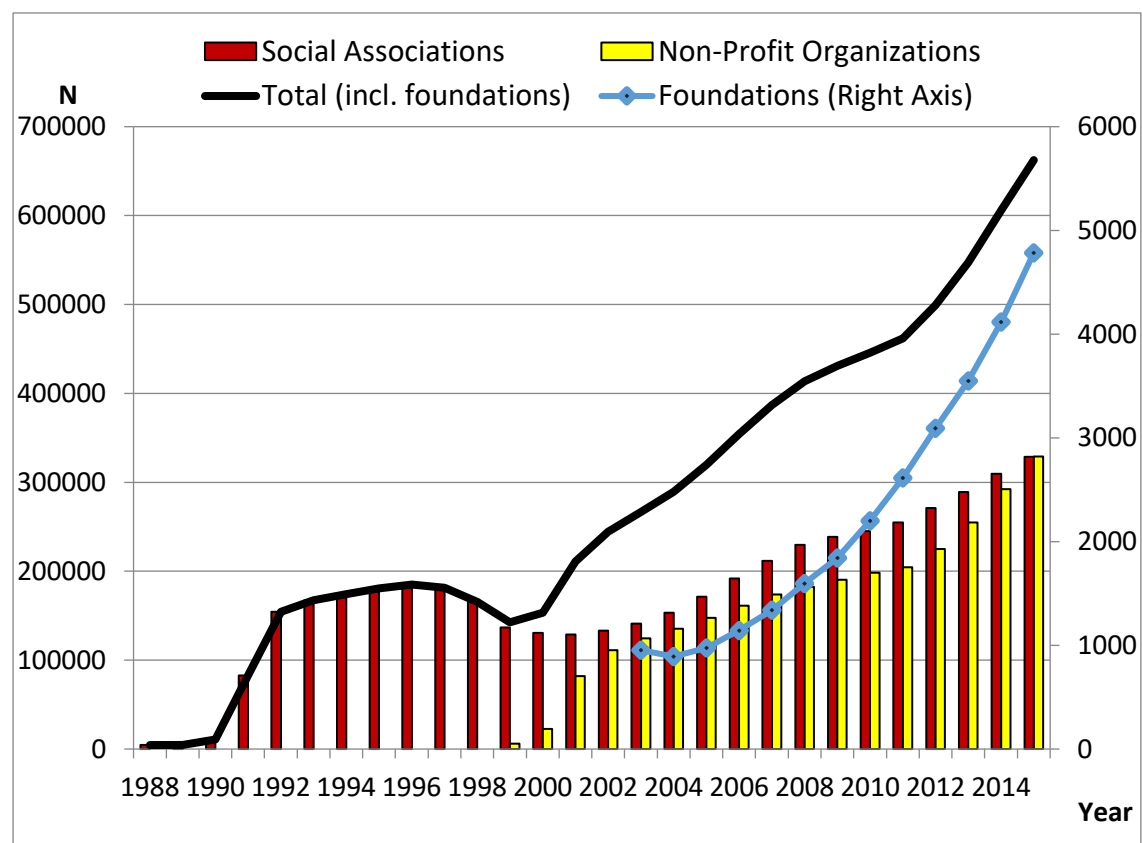


Figure 2.1: The growth of social organisations in China (1988-2015)

Data source: China Civil Affairs Statistical Yearbook, various years. Figure created by the author.

In China, as aforementioned, there are three categories of social organisations - SAs, NPOs and foundations. SAs are membership-based social organisations, such as industrial associations, professional associations, academic associations, and united associations. Most of SAs were initiated or founded by the government in the 1990s, and since 2000 a growing number of SAs have been established through bottom-up efforts.

At the end of the 1990s, non-profit organisations (NPOs, 民办非企业单位¹² or in the latest terms, social service agencies 社会服务机构) were permitted to register in China, as indicated in Figure 2.1. NPOs are social service providers and grassroots NGOs, including private schools, private hospitals, elderly care institutions, environmental organisations, health care groups, not-for-profit research institutes, organisations serving migrant workers, and so on and so forth. NPOs are usually initiated by ordinary citizens in a bottom-up way to address social problems and meet social demands.

Since 2004, foundations, as a new category of social organisation, have begun to emerge in China. Foundations are specialised in fundraising and grant-making, including public foundations and private foundations.

The emergence and rapid growth of NPOs and foundations is an indication that the social organisation sector in China is experiencing a process of marketisation. Not

¹² This has been translated somewhere as “private non-enterprise unit”, or “civil non-enterprise institute”. The author regards “non-profit organisation” to be a more suitable term.

only the market size is growing, but also many NPOs have transformed into social enterprises, which makes social service provision marketised. NPOs can design and conduct services to address social issues, by generating revenue from customers, foundations, corporations, and the government. Foundations can sponsor NPOs to conduct frontline services. Government procurements of services from NPOs are growing as well.¹³

In 2004, the whole social organisation sector was at an early stage of marketisation. The total number of SOs was 289,432 in 2004. NPOs were permitted to register for only five years, and foundations were just emerging. In 2004, the concept of “social enterprise” was first introduced to China by the journal *China Social Work Research* (Liu 2004), and in the same year the first group of British social entrepreneurs visited China (Zhao 2012, p.31).¹⁴

In 2010, the total number of registered SOs almost doubled, increasing from 289,432 to 445,631. From 2004 to 2010, the number of NPOs increased from 5,901 to 198,175, while the number of foundations increased from 892 to 2,200 (MOCA 2016b). Since 2000, some leading foundations in China, such as the Narada foundation and the China Social Entrepreneur Foundation, have started to sponsor NPOs to explore social enterprise models in their organisational development. In the 2000s, an increasing number of NPOs became social enterprises which means the service income reaches or exceeds half of their total income, and government

¹³ In the following three chapters, rich examples and relevant statistics are provided.

¹⁴ The original article is OECD’s report “Social Enterprises”, see: <http://www.oecd.org/cfe/leed/socialenterprises.htm>. Last accessed on 15 April 2017. This report defined “social enterprise” as follows: “social enterprises take an entrepreneurial approach and draw on the local environment to enhance their economic and social performance”.

procurements of services from NPOs were growing as well.¹⁵ When the trend of social marketisation is enhanced, the impact of social marketisation on policy change and policy influence is expected to be strengthened.

The purpose of this chapter is to investigate to what extent SOs become marketised by comparing the data of 2010 with 2004, and whether social marketisation is positively related to policy change promoted by SOs and policy influence of SOs, by using both China and UK data. Although the Chinese survey data is not perfect, it is still useful, as the existing largest survey data, to elucidate social marketisation and policy change, and to examine the relationship between the two significant issues.

2.2 Social Marketisation and Policy Change: Evidence from China

2.2.1 Policy change and policy influence

In CSOS 2004, two variables are related to policy change and policy influence of social organisations. They are (1) **the success in promoting a new policy**, and (2) **the influence on government policy making** (JIGS Data 2004). One is related to policy outcome, and the other is related to policy making.

For the first variable, one question in the survey asked: “Has your organisation successfully promoted the implementation of a new government policy? Yes or No”.

¹⁵ Statistics are provided in this chapter. Specific cases are provided in Chapter 3 and 4.

Answering yes is coded as one and no is coded as zero. For the second variable, the question in the survey enquired: “Overall speaking, how much influence does your organisation have in the process of government policy making in the geographic area where your organisation operates? (1) Very strong, (2) fairly strong, (3) strong, (4) not strong, (5) no influence, and (6) cannot tell” (JIGS Data 2004). The answers to options 1 to 5 are coded from five to one respectively. A higher score means a higher level of influence of SOs on government policy making.

In CSOS 2010, the two dependent variables are similar: (1) **the success in promoting policy change**, and (2) **the influence on government policy making** (Tsujinaka, Li and Kojima 2014, Tsujinaka 2016, Han 2016b). For the first variable, the question asked: “Has your organisation successfully facilitated the enactment or impeded the implementation of one specific policy from the central or local governments in the past five years? Yes or No” (Tsujinaka 2016, p.77; Han 2016b, p.9).¹⁶

For the second dependent variable, the question asked: “Overall speaking, how much influence does your organisation have in the process of government policy making in the geographic area where your organisation operates? (1) No influence, (2) not strong, (3) strong, (4) fairly strong, (5) very strong, and (6) no answers” (Tsujinaka 2016, p.64; Han 2016b, p.9). The answers to options 1 to 5 are coded from one to five respectively. A higher score means a higher level of influence of SOs on

¹⁶ This question seems like a twin question, but it measures the same issue - policy change. It does not measure two different things. Although the question seems vague, this question has its usefulness in measuring the policy change. Nevertheless, no other survey asked this question before, and no other survey generated as many as 2,588 valid responses. If there are other questions that can better measure policy change, they will be integrated to the questionnaire in the future.

government policy making.

The advantage of using the self-perception of policy change and policy influence of social organisations is that it could wipe out the policy changes that are not triggered by SOs but initiated solely by the government. The limitation of self-perception measurements is that the nuanced forms and processes of policy change and policy influence are not included. Readers may also be curious about what specific policies are affected and how the policies are affected by social organisations. This limitation, however, has been extended by two case studies on NPI and CFC in Chapter 3 and 4 of the thesis.

The data of CSOS 2004 shows that, 3.3% of social organisations have once succeeded in promoting a new government policy (JIGS Data 2004). The data of CSOS 2010 indicates that, 6% of social organisations have once succeeded in promoting policy change (Han 2016b). The perception of policy change in SOs is growing from 2004 to 2010.

In terms of the influence on government policy making, SOs in 2010 perceived a higher level of influence than SOs in 2004. As indicated in Figure 2.2, by comparing 2010 with 2004, the proportions of SOs which perceived their influence on government policy making as "very strong", "fairly strong", and "strong" increased from 0.5% to 1.2%, from 7.2% to 15.3%, and from 6.7% to 7.9%, respectively. By contrast, the proportions of SOs which perceived their influence as "not strong" and "no influence" decreased from 37.9% to 33.3%, and from 16.6% to 15.2% (JIGS Data 2004, Tsujinaka 2016, Han 2016b). Therefore, the influence of SOs on government

policy making is increasing, from 2004 to 2010.

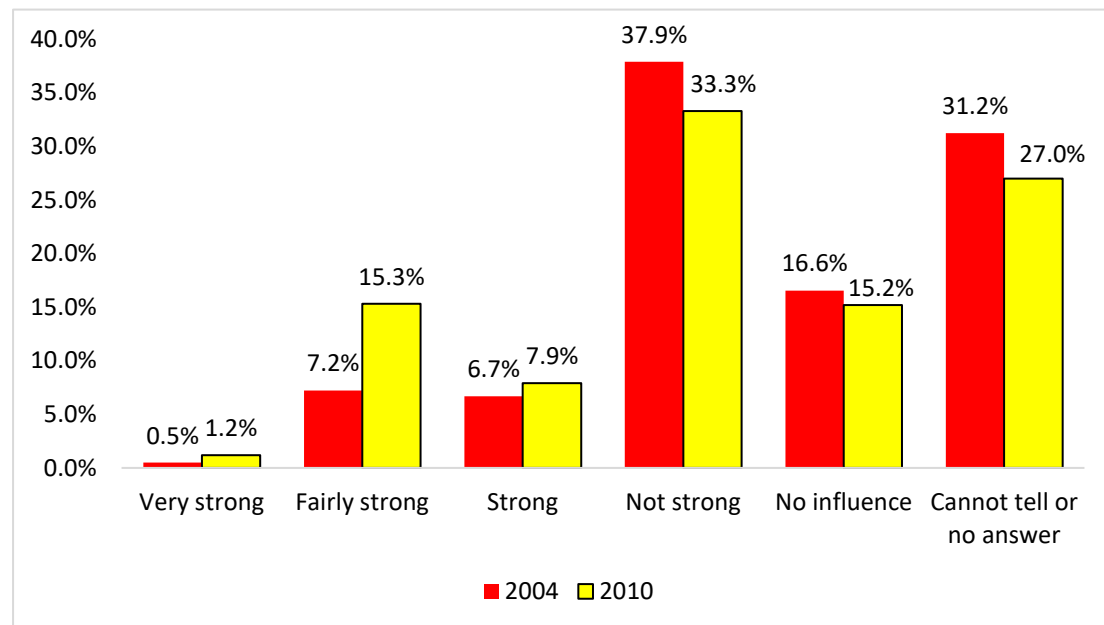


Figure 2.2: The perceived influence of SOs on government policy making

Data source: JIGS Data (2004), Tsujinaka (2016) and Han (2016b).

2.2.2 Social marketisation

As aforementioned, social marketisation is embodied in two variables, social entrepreneurship and achieving government contracts for purchasing services.

Social entrepreneurship is measured by whether the proportion of service income of the organisation has reached or exceeded 50% of the overall revenue. In the survey, a question asked the SO leaders to clarify the precise proportions of the following income sources in their overall revenue in the past financial year: (1) government funding, (2) donations, (3) membership fees, (4) service income, and (5)

other income. If the answer to service income is 50% or higher, it is coded as one, and otherwise as zero (Tsujinaka 2016, Han 2016b). **Achieving government contracts for purchasing services** is based on one question in the survey: “Has your organisation ever achieved contracts of government purchasing services in the past three years?” (Han 2016b, p.9). Positive answers are coded as one, and negative answers are coded as zero.

The data shows that 14% of SOs become social enterprises in 2004 (JIGS Data 2004), and 33% of SOs become social enterprises in 2010 (Han 2016b, p.10). This is a clear evidence that social marketisation is strengthening in SOs from 2004 to 2010, in terms of social entrepreneurship.

In 2004, 5.6% of SOs had achieved government contracts for purchasing services (JIGS Data 2004), while in 2010, 6% of SOs obtained government purchase of services (Han 2016b, p.10). Although the proportion of achieving government contrast increased slightly, as the total number of SOs was increasing (from 289,432 in 2004 to 445,631 in 2010) (MOCA 2011), the absolute size of SOs obtained government contracts was growing (from 16,208 in 2004 to 25,847 in 2010). The growing government purchase of SO service is another evidence that social marketisation is strengthening in Chinese SOs.

Resources of SOs are financial resources, human resources, and other resources. In CSOS 2004, the financial resource is measured by the **expenditure size**, while in CSOS 2010, the financial resource is measured by the **income size** (the unit is 10,000

Chinese Yuan).¹⁷ In the two rounds of data, human resources or the **staff size** are measured by the number of full-time staffs in the organisation. Other resources such as recognition and legitimacy are measured by a proxy variable, **organisational age**, which indicates how old the organisation was when the survey was conducted.

Institutional factors are co-optation (selection and background of SO leaders), regulatory system (registration category, administrative level of operation, and geographical region), and issue areas.

In CSOS 2004, **co-optation** is measured by three variables: government-appointed director, government-appointed general secretary, and recruiting retired government officials. For government-appointed director and government-appointed general secretary, the questions asked: “How was the director of your organisation selected? How was the general secretary of your organisation selected? Determined by (1) a supervisory agency, (2) a board of trustees, (3) public recruitment, (4) an election, or (5) other?” (JIGS Data 2004). Supervisory agencies are usually relevant government agencies or government-organised NGOs (GONGOs). Positive responses to the first option are coded as one, and otherwise as zero. Regarding the retired government officials, a question in the survey enquired: “please mark if the following situations exist in your organisation: ...(8) absorbing retired government officials to work in your organisation” (JIGS Data 2004). Marked answers are coded as one, and otherwise as zero.

¹⁷ As the baseline distribution of the expenditure size is skewed and has a few occasional large outliers, I create the logarithm as the natural logarithm of income size plus one in the model specifications.

In CSOS 2010, **co-optation** is measured by two variables: government-appointed leader and government-background leader. The question on government-appointed leader is similar to the questions in CSOS 2004, only by combining director and general secretary into the top leader or the first-hand leader. Regarding the government-background leader, a question in the CSOS 2010 enquired: “What is the prior work background of the top leader in your organisation? (1) government, (2) corporation, (3) public service agency (事业单位), (4) social organisation, or (5) other?” (Tsujinaka 2016, p.231; Han 2016b, p.8). Positive answers to the first option are coded as one, and otherwise as zero.

The results show that, in 2004, the proportions of government-appointed directors and government-appointed general secretary in SOs are 24.5% and 18.5%, respectively (JIGS Data 2004). 15.2% of SOs have recruited retired government officials to work in their organisations (JIGS Data 2004). In 2010, the proportions of government-appointed leaders and government-background leaders in SOs are 19% and 25%, respectively (Tsujinaka 2016, p.117; Han 2016b, p.10).

Regulatory system includes **registration categories** (social association, foundation, or nonprofit organisation, coded as dummy variables), **administrative levels of operation** (the provincial, municipal, or county/district level, coded as dummy variables), and **regions of operation** (Beijing, Zhejiang, or Heilongjiang, coded as dummy variables).

CSOS 2010 further identified 14 **issue areas** in which SOs work in China: (1) science and technology, (2) education, (3) social service, (4) sports, (5) business

support, (6) agriculture and rural development, (7) international affairs, (8) environment, (9) health, (10) culture, (11) law and legal aid, (12) religion, (13) industry and profession,¹⁸ and (14) other. They are coded as dummy variables.

To briefly summarize the key descriptive statistics, 3.3% of SOs have succeeded in promoting a new government policy in 2004, and 6% of SOs have succeeded in promoting policy change in 2010. SOs perceived their policy influence on government policy making as 1.9 (1-5 scale) in 2004 and 2.4 (1-5 scale) in 2010. 14.2% of SOs became social enterprises in 2004, while 32.8% of SOs become social enterprises in 2010. 5.6% of SOs obtained government contracts in 2004, and 5.8% of SOs achieved government contracts in 2010 (Tsujinaka, Li and Kojima 2014, Tsujinaka 2016, Han 2016b).

The regression analyses based on CSOS 2010 indicate that when other factors are equal, the two indicators of social marketisation (social entrepreneurship and government purchase services from SOs) are statistically significant in estimating SOs' the success in achieving policy change and their perceived influence on government policy making (Han 2016b). Specifically, when social organisations become social enterprises, their likelihood of success in promoting policy change becomes 2.141 times the likelihood of success of those SOs that are not social enterprises. When social organisations obtained government contracts for purchasing their services, their likelihood of success in promoting policy change becomes 2.356 times the one of those which did not achieve government contracts (Han 2016b, p.13).

¹⁸ Social organisations established to serve mutual benefits of professionals in various industries, such as lawyers, doctors, teachers, journalists, accountants, etc.

In summary, from 2004 to 2010, the proportion of SOs' success in promoting policy change increased, and the influence of SOs on government policy making improved. More social organisations became social enterprises and achieved government contracts. The positive relationship between social marketisation and policy change was revealed (Han 2016b). Therefore, the data of CSOS 2004 and CSOS 2010 support the argument that the tendency of social marketisation is growing, and it has a positive relationship with policy change promoted by SOs and policy influence of SOs in China.

2.3 Social Marketisation and Policy Influence: Evidence from the UK

In 2010, the total number of social sector organisations in the UK was estimated to be approximately 900,000 (NCVO 2012, p.3). The development of social sector organisations in the UK is commonly perceived to be more developed and more mature than SOs in China. If social marketisation is positively related to policy change and policy influence of SOs, this positive relationship should be more visible and more explicit in the more advanced case like the UK. If this positive relationship is proved to be true in the UK context, it will further confirm the social marketisation argument in a more general sense.

To further test the social marketisation thesis, this section presents the measurement of variables and reports the results of regression analyses based on the

UK data. The results have been published (Han 2017).

2.3.1 Measurement and descriptive statistics

(1) Policy influence and policy involvement

In NSCSE 2010, no variables measure policy change, but three variables are related to policy influence: (1) overall policy influence, (2) policy involvement, and (3) policy consulting.

In terms of **overall policy influence**, one question in the survey asked: “Overall, how satisfied or dissatisfied are you with your ability to influence government decisions that are relevant to your organisation? The options are (1) very satisfied, (2) fairly satisfied, (3) neither satisfied nor dissatisfied, (4) fairly dissatisfied, (5) very dissatisfied, (6) don’t know, and (7) not applicable” (Q22 in the survey). The answers to options 1 to 5 are coded from five to one, respectively. A higher score means a higher level of policy influence.

In terms of **policy involvement**, one question in the survey enquired: “To what extent do you agree or disagree with the following statements: local statutory bodies in your local area involve your organisation appropriately in developing and carrying out policy on issues which affect you? (1) Strongly agree, (2) tend to agree, (3) neither agree nor disagree, (4) tend to disagree, (5) strongly disagree, (6) don’t know, and (7) not applicable” (Q21 in the survey). The answers to options 1 to 5 are coded from five to one, respectively. A higher score means a higher level of policy influence.

In terms of **policy consulting**, the survey asks: “To what extent do you agree or

disagree with the following statements: local statutory bodies consult your organisation on issues which affect you or are of interest to you? (1) Strongly agree, (2) tend to agree, (3) neither agree nor disagree, (4) tend to disagree, (5) strongly disagree, (6) don't know, and (7) not applicable" (Q21 in the survey). The answers to options 1 to 5 are coded from five to one, respectively. A higher score means a higher level of policy influence.

The data shows that, 2.1% of social organisations or 945 social organisations were very satisfied with their ability to influence policy. 14.3% of social organisations or 6,322 social organisations are fairly satisfied with their ability to influence policy. On average, the satisfaction of SOs on policy influence is 2.8 (1-5 scale).

In terms of policy involvement and policy consulting, the average score of policy involvement is 2.7 (1–5 scale), and the average level of policy consulting is 2.9 (1–5 scale). Specifically, 3.9% of third sector organisations “strongly agree” that they were involved in developing and carrying out policy, and 5.2% of third sector organisations “strongly agree” that they were consulted by the government on issues which affect them or are of interest to them. 13.9% of third sector organisations “tend to agree” that they were involved in developing and carrying out policy, and 18.5% of third sector organisations “tend to agree” that they were consulted by the government on issues which affect them or are of interest to them.

(2) Social marketisation

In NSCSE, **social entrepreneurship** is measured by key variables: whether the organisation use the profit or surplus generated in their commercial activities to

pursue social goals. The question in the survey asks: “If your organisation does generate a surplus or profit from its contracts or trading, do you use it to further your social or environmental goal? This could include reinvesting it in your or another charity, social enterprise and/or voluntary organisation or in the community. Options are (1) yes—we use up to 50% of the surplus/profit, (2) yes—we use 50% or more of the surplus/profit, (3) not applicable—we do not make a surplus/profit, (4) no, and (5) don’t know” (Q37 in the survey). Answers to option two are coded as one, and otherwise as zero.

Achieving government contracts for purchasing services is based on one question in the survey: “How successful, or not, have you been in applying for funding or bidding for contracts from local statutory bodies over the last 5 years?⁴ Options are (1) very successful, (2) fairly successful, (3) not very successful, (4) not at all successful, (5) have never applied/bid, and (6) don’t know” (Q15 in the survey). Answers to options 1 and 2 are coded as one, answers to options 3–5 are coded as zero, and answers to option 6 are coded as missing values.

Regarding the two key indicators of social marketisation, the data shows that 44.7% of third sector organisations in the UK become social enterprises, as they devote half or more of their profits or surpluses generated in their commercial activities to pursue social goals. 28.1% of third sector organisations succeeded in bidding for contracts from local statutory bodies over the last 5 years.

(3) Resources

In NSCSE 2010, resources include income size, staff size, and volunteer size. In

terms of **income size**, one question in the survey asked: “Please indicate below your organisation's approximate annual total turnover or income from all sources” (Q33 in the survey). The answers to this question are coded from 1 to 24, based on the size of the income.¹⁹ A higher score means a larger size of income.

In terms of **staff size**, one question requested: “Please tell us the approximate number of full-time equivalent employees currently in your organisation” (Q30 in the survey). The answers of no employees are coded as 1, the answers of one employee are coded as 2, two employees are coded as 3, 3-5 employees are coded as 4, 6-10 employees are coded as 5, 11-30 employees are coded as 6, 31-100 employees are coded as 7, and 101 plus employees are coded as 8. No answers are coded as missing value. A higher score means a larger size of full-time employees.

In terms of **volunteer size**, the question enquired: “Please tell us the approximate number of volunteers, including committee/board members, that your organisation currently has” (Q31 in the survey). No volunteers are coded as 1, 1-10 volunteers are coded as 2, 11-20 volunteers are coded as 3, 21-30 volunteers are coded as 4, 31-50 volunteers are coded as 5, 51-100 volunteers are coded as 6, 101-500 volunteers are coded as 7, 501 plus are coded as 8. No answers are coded as missing value. A higher score means a larger group of volunteers in the organisation.

¹⁹ The coding methods are as follows. No income is coded as 1, 1 to 500 pounds are coded as 2, 501 to 1000 are coded as 3, 1001 to 2000 are coded as 4, 2001 to 3000 are coded as 5, 3001 to 5000 are coded as 6, 5001 to 7000 are coded as 7, 7001 to 9000 are coded as 8, 9001 to 10000 are coded as 9, 10001 to 12000 are coded as 10, 12,501 to 17000 are coded as 11, 17,501 to 20000 are coded as 12, 20001 to 30000 are coded as 13, 30001 to 40000 are coded as 14, 40001 to 60000 are coded as 15, 60001 to 80000 are coded as 16, 80001 to 100000 are coded as 17, 100001 to 150000 are coded as 18, 150001 to 200000 are coded as 19, 200001 to 300000 are coded as 20, 300001 to 500000 are coded as 21, 500001 to 1000000 are coded as 22, 1000001 to 5000000 are coded as 23, 5000001 plus are coded as 24.

In terms of financial and human resources, the average income size of third sector organisations in the UK ranges from 17,501 to 20,000 GBP per year. On average, each organisation has two full-time employees and 11–20 volunteers.

(4) Institutional factors

In NSCSE 2010, institutional factors include issue areas and geographic areas. In terms of **issue areas**, one question asked: “Which are the main areas in which your organisation works? (Q4 in the survey) Options are: (1) community development and mutual aid, (2) cohesion/civic participation, (3) culture (including arts and music), (4) leisure (including sports and recreation), (5) economic well-being (including economic development, employment and relief of poverty), (6) accommodation/housing, (7) education and lifelong learning, (8) training, (9) environment/sustainability, (10) equalities/civil rights (e.g. gender, race, disabilities), (11) heritage, (12) health and well-being, (13) international development, (14) religious/faith-based activity, (15) criminal justice, (16) animal welfare, (17) capacity-building and other support for charities, (18) other charitable, social or community purposes.” These options are coded from 1 to 18, respectively.

In terms of issue areas, the data shows that, the top five issue areas in which third sector organisations work in the UK are education and lifelong learning (28.8% of all third sector organisations), leisure including sports and recreation (20.2%), health and well-being (17.5%), community development and mutual aid (17.1%), and religious/faith-based activity (14.1%) (Similar findings see Huysentruyt, Mair and

Stephan (2016)).²⁰

For **geographic areas**, the question in the survey enquired: “Which one is the main geographic area in which your organisation carries out its activities? (1) Internationally, (2) nationally, (3) regionally, (4) your local authority area, (5) your neighbourhood, or (6) cannot say” (Q8 in the survey). The answers to options 1-5 are coded from five to one respectively, and answers to option 6 are coded as missing value.

The results indicate that 35.1% of social sector organisations in the UK are working in the neighbourhood, 32.8% are at the local authority area, 12.2% are at the regional level, 11.1% are at the national level, and 6.5% are at the international level, and 2.3% did not answer the question.

2.3.2 Results of regression analyses

To estimate the three dependent variables measuring the policy influence of third sector organisations in the UK, this research uses three ordered logistic regressions in the statistical estimations, as the two dependent variables are ordinal variables. Before the regression analyses, a correlation analysis was conducted to examine the potential correlations among the independent variables. No high correlations were detected.

Table 2.1 presents the results of the regression analyses, and reports statistics of the

²⁰ A recent survey of 1,030 social enterprise in nine countries (China, Russia, Germany, Hungary, Portugal, Romania, Spain, Sweden, and the United Kingdom), named “Social Entrepreneurship as a Force for More Inclusive and Innovative Societies” (SEFORIS), which was conducted between April and December of 2015, “education and research”, “employment and training” and “economic, social community development” are the dominant issue areas where social enterprises are active. The preview of the survey results is provided in the article: Huysentruyt, Mair and Stephan (2016).

coefficients in the two models.

As reported in Table 2.1, social entrepreneurship is statistically significant in estimating the satisfaction of third sector organisation on their overall influence on government policies. When a social organisation becomes a social enterprise, its overall satisfaction on its policy influence increased 0.08 unit, when other factors are equal.

Achieving government contracts for purchasing services is statistically significant in the three models. When a social organisation obtained government contracts, its overall policy influence improved 0.75 unit, its level of being involving in policy making increased 0.78 unit, and its likelihoods of being consulting by the government increased 0.80 unit, after controlling for other factors. Therefore, the results support the social marketisation hypothesis that the two indicators of social marketisation are positively related to the policy influence of third sector organisations.

In terms of resources, income size does not significantly affect the level of policy influence of third sector organisations. An organisation with more full-time employees is more likely to be involved in policy making, and more likely to be consulted by the government. An organisation with more volunteers is more satisfied with its overall influence on government policies.

In terms of issue areas and geographical regions, the results show that third sector organisations working in the four issue areas (accommodation/house, heritage, religious/faith-based activities, capacity-building and other support) are more satisfied with their overall capacity to influence government decisions. Third sector

organisations working in the four issue areas (cohesion/civic participation, leisure, education and lifelong learning, heritage) are more likely to involve in the process of developing and carrying out policies with the government. Social organisations working in the two fields (cohesion/civic participation and heritage) are more likely to be consulted by the government agencies in the UK. Social organisations active at the international or national level are more likely to involve in government policy making and being consulted by the government, than those organisations operated at the neighbourhood level.

In sum, the results based on the UK data support the core argument of this research, that is social marketisation is positively related to the policy influence of third sector organisations or social organisations. When social organisations become social enterprises, the level of their perceived policy influence increased. When social organisations achieved government contracts for purchasing services, the levels of their overall policy influence, involvement in government policy making, and the chance of being consulted by the government all improved. All these findings confirm the social marketisation argument.

Table 2.1: Regressions on policy influence and policy involvement (NSCSE 2010)

VARIABLES	Model 1 Overall policy influence	Model 2 Policy involvement	Model 3 Policy consulting
Social entrepreneurship	0.0844** (0.0399)	0.0137 (0.0397)	0.00196 (0.0391)
Achieving govt's contracts	0.751*** (0.0423)	0.778*** (0.0425)	0.799*** (0.0417)
Income size	-0.00517 (0.00460)	0.00334 (0.00461)	0.00252 (0.00446)
Full-time employee size	0.0140 (0.0133)	0.0527*** (0.0133)	0.0547*** (0.0130)
Volunteer size	0.0584*** (0.0122)	0.00782 (0.0121)	0.00723 (0.0119)
Issue area - cohesion/civic participation ^a	0.0706 (0.235)	0.502** (0.241)	0.542** (0.228)
Issue area - leisure	0.00417 (0.107)	0.181* (0.107)	0.0465 (0.104)
Issue area - accommodation/housing	0.220* (0.129)	0.119 (0.128)	0.0331 (0.126)
Issue area - education and lifelong learning	0.0153 (0.103)	0.229** (0.103)	0.0882 (0.100)
Issue area - equalities/civil rights	-0.337* (0.192)	-0.179 (0.187)	-0.0969 (0.188)
Issue area - heritage	0.228* (0.121)	0.319*** (0.121)	0.346*** (0.119)
Issue area - religious/faith-based activity	0.262** (0.113)	0.152 (0.114)	0.0689 (0.111)
Issue area – capacity- building and other support	0.226** (0.111)	0.128 (0.111)	0.110 (0.109)
Geographic area - internationally ^b	0.134 (0.162)	0.571*** (0.169)	0.821*** (0.161)
Geographic area - nationally	0.00198 (0.160)	0.488*** (0.167)	0.757*** (0.159)
Geographic area - regionally	-0.164 (0.163)	0.161 (0.170)	0.404** (0.162)
Geographic area – local authority area	-0.126 (0.167)	-0.00674 (0.175)	0.146 (0.166)
N	8,486	8,451	8,745

Note: Standard errors are in parentheses. *** p<0.01, ** p<0.05, * p<0.1

^a “Issue area - other” as the reference category. Issue areas that are not statistically significant are omitted.

^b “Geographic area - neighbourhood” as the reference category.

2.4 Conclusion

What kinds of social organisations are more likely to succeed in promoting policy change and have a higher level of influence on government policy making? Based on the three databases, this chapter addresses this question by presenting the measurements of policy-related dependent variables, reports the descriptive statistics of social marketisation and examines the effects of social marketisation on the success of SOs in promoting policy change and the influence of SOs on government policy making.

By comparing CSOS 2010 with 2004, the results show that proportion of SOs’ success in promoting policy change increased, and the influence of SOs on government policy making improved. More social organisations became social enterprises and achieved government contracts. The positive relationship between social marketisation and policy change was revealed (Han 2016b). Therefore, the results support the argument that the tendency of social marketisation is growing, and it has a positive relationship with policy change promoted by SOs and policy influence of SOs in China.

In the UK, the data of NSCSE 2010 reveals the same finding. When social

organisations become social enterprises, the level of their perceived policy influence increased. When social organisations achieved government contracts for purchasing services, the levels of their overall policy influence, involvement in government policy making, and the chance of being consulted by the government all improved.

Admittedly, the questionnaire of the survey CSOS has its limitations. For example, the question measuring policy change seems vague, and the two dependent variables are measured by self-perception and self-report of social organisations. However, the questions are still useful in measuring the policy change promoted by social organisation and the policy influence of social organisations. Nevertheless, no other surveys asked these questions before, and no other surveys generated as many as 2,588 valid responses. Even with the limitation, the survey still provides useful data to indicate social marketisation and policy change, and to test the relationship between the two important issues. Furthermore, the limitations of these questions in the survey have been extended by two case studies on NPI and CFC in the following two chapters, which provide more details on social marketisation and policy change in China.

To sum up, both China data and UK data support the social marketisation argument. That is the new tendency of social marketisation in the development of social organisations is positively related to the likelihoods of SOs' success in promoting policy change and the influence of SOs on government policy making. The contribution of this chapter is that it quantitatively verifies the positive relationship between social marketisation and policy change.

Chapter 3: A Case Study on Nonprofit Incubator

3.1 Introduction

Chapter 2 examines the effects of a series of organisational and institutional factors on policy change and policy influence of social organisations. The results indicate that, when other factors are equal, SOs with social marketisation characteristics are more likely to succeed in promoting policy change, and have a higher level of policy influence. A subsequent question is, naturally, how and why some social organisations can use social marketisation strategies to achieve policy change. To address this question, this chapter draws on an in-depth and detailed case study of Nonprofit Incubator (NPI) to unfold the process and the mechanism.

My interest in NPI dates back to 2009, when I worked in a think-tank in Beijing and engaged with a research team to investigate survival and developmental difficulties of social organisations in China. With colleagues, I conducted 68 interviews with diverse SOs in Beijing, Shanghai, Guangdong and Yunnan, through snowball samplings during 2009-2010 (for the interview list see Appendix B). Every organisation interviewed was asked about its difficulties in the survival and development, and at the end of the interview each organisation was invited to provide at least three names of other SOs that it frequently contacted or recommended us to visit.

For grassroots social organisations, the most common difficulties we found are

two-fold: resource attainment and legal registration. While for government-organised NGOs (GONGOs), the issue they were concerned about is that they are explicitly or implicitly required by the government to function as supervisory agencies for grassroots SOs, but they are equipped with insufficient resources for the increased administrative and managerial responsibilities. They are thus not willing or unable to shoulder extra work of supervising more grassroots SOs. One of my interviews reflects this situation clearly.

“Beijing Huiling²¹ wants to register as a NPO, but we cannot. This is very suffering. Comrades from the China Disabled Persons' Federation²² once called us and said ‘You can apply for government procurement of services and employment subsidies for disabled people now. But the problem is you are registered as a company.’ I replied, ‘Yes, we are registered as a company, but we want to register as a NPO formerly. You did not agree to be our supervisory agency’.²³ Now, you see, it becomes a vicious circle. We cannot register as a NPO, then we have no legal status to apply for government purchase of services, cannot go out to take activities and raise funding, and have no face to see

²¹ The full name is Beijing Huiling Community Services Centre for People with Learning Disabilities (www.huiling.org.cn).

²² “Established in March 1988, the China Disabled Persons' Federation (CDPF) is a national umbrella organisation of and for persons with diverse disabilities. CDPF's mission is to promote the full participation of persons with disabilities in society on an equal basis with others, ensure that persons with disabilities share in the material and cultural achievements of society, as well as foster humanitarianism in society. Headquartered in Beijing, CDPF has about 120 thousand full-time employees nationwide”. See the official website of CDPF: <http://www.cdpf.org.cn>.

²³ According to the *Regulations for Registration and Management of Social Organisations*, social organisations have to register with both the Ministry/bureau of Civil Affairs and a supervisory agency (业务主管单位) which is responsible for supervising their activities.

*foundations who sponsored us. Beijing Huiling is now in such a predicament”.*²⁴

This interview reveals, as the interviewee said, a vicious circle: when a grassroots SO cannot secure a supervisory agency, it is not able to register at the local bureau of civil affairs. Without a legal status, the organisation cannot raise funding openly and effectively. Without sufficient resources, the organisation is unable to register and deliver services. This is a common dilemma for the majority of grassroots SOs in China.

At the same time, one organisation called “Nonprofit Incubator” (NPI) captured my attention. It is one of the organisations that were frequently mentioned or recommended by other grassroots SOs. Most importantly, I find NPI is using entrepreneurial, innovative, and marketised strategies to address social problems, and has successfully promoted three policy changes.

The social problem NPI strives to address is the survival difficulties of grassroots SOs in China: legal registration and funding shortage. NPI devised and conducted two professional services to address the two issues. One is known as “nonprofit incubation”, which strengthens the capacity building of SOs and empower them to register. The other is venture philanthropy, which relieved the funding shortage of SOs by channelling resources from the private and public sector to the social sector. The two professional services NPI conducted have been proved effective, and the survival difficulties of SOs that received NPI’s services have been relieved – a

²⁴ Interview with Mr. Zhang, the general director of Beijing Huiling, 12 May 2009.

positive social change occurred.

The social change sparked policy changes. NPI has successfully promoted the enactment of three new policies from local and central government agencies. The three policies are nonprofit incubation policy, venture philanthropy competition, and national charity fairs. Before the emergence of NPI, there is no policy of nonprofit incubation in China. NPI is the first social organisation promoting Shanghai government to institute a new policy that nascent social organisations can receive incubation services before registration and bidding for government procurement of services. This policy soon spread from Shanghai to other cities and regions in China; Venture philanthropy competition was also first initiated by NPI and its collaborations with the Shanghai government, and afterwards it was soon emulated by other cities; Exhibition of social organisations was piloted by NPI in Beijing, and later the Ministry of Civil Affairs took over this form of exhibition and upgraded it into a national charity fair held annually in Shenzhen.

In sum, NPI is a typical social organisation that has used entrepreneurial and marketised strategies to facilitate three policy changes in China. It is thus worth a detailed analysis to reveal the process and the mechanism underlying its success in promoting three policy changes for grassroots SOs.

To this end, the remainder of this chapter is organised as follows. Firstly, NPI is examined empirically how it was founded, and how it devised and conducted professional services to address the two social problems (difficulty in legal registration and funding shortage), in line with the two indicators of social

marketisation (social entrepreneurship and government procurement of services).

Secondly, this chapter depicts the process of how NPI promoted the formation and the spread of three new policies from the local and central governments. Finally, this chapter summarises the mechanism underlying the success of three policy changes promoted by NPI, before drawing a conclusion.

3.2 Social Marketisation

3.2.1 The founding of NPI

Mr. Lv is the founder and director of NPI. In 2005, one week after arriving in Shanghai, he was requested by the public security department of Shanghai government to “take tea” and talk about why he came to Shanghai. Several hours later, he was released, with the local authority assured that there was no risk of him instigating a “colour revolution” or fomenting potential social instability through his plan to establish a local nonprofit organisation.²⁵ Six years later, however, an increasing number of local governments came to visit the Shanghai headquarter of his organisation and invited him to open local branches in their cities, by providing physical and financial support for NPI.

This is a dramatic contrast. It indicates that changing government attitudes, behaviours and policies are possible and feasible in China. Studying NPI and its interactions with the state can reveal the process and mechanism underlying the

²⁵ Based on the interview with Mr Lv in Beijing, on 19 January 2010.

change.

As a college and MBA graduate of Peking University, Mr. Lv first worked as a journalist at Xinhua News Agency, and later as the chief editor of *China Charity Time* (公益时报). In 1999, he founded a company, providing consulting services regarding corporate social responsibility (CSR) to corporations in the fields ranging from information technology to finance. In early 2001, the Ford Foundation (one of the earliest foreign foundations in China) and a group of scholars initiated an organisation named “China NPO Network” in Beijing. Mr. Lv was then appointed by the trustee board as the deputy director. In 2005, he was sent to Shanghai to establish a local chapter of China NPO Network there.

In Shanghai, Mr. Lv quickly found that the most common difficulties faced by many NPOs are resource attainment and legal registration. He regards the two difficulties as the most pressing issues for the survival and development of grassroots SOs, and started to seek solutions.

“For small and grassroots NGOs, the best way to help them is to use a hybrid method, and this method must meet their most urgent needs. Under this principle, I studied many models, including foundation incubator in New York, NPO support centre in Japan, and nascent incubation centre in Taiwan. But helpful cases are still rare. So, for most of the time, I studied business incubators, especially high-tech incubators, to see how they incubate and assist technological start-ups. I then applied the same principles, strategies and tools to develop a

model that I called ‘nonprofit incubator’”.²⁶

The proposal for the “nonprofit incubator” subsequently appeared on the desk of the chief of the Shanghai Civil Affairs Bureau in an attempt to seek financial support from the Shanghai government. The chief then consulted the Municipal Bureau of Finance, but the proposal was refused. As mentioned by the chief, *“they (refer to the Finance Bureau) cannot provide a single cent of funding, with no reason”* (Lan 2012, p.10). The chief then replied to Mr. Lv, as she recalled in an interview: *“I told him that they had to be able to support themselves first. That was the only way they can survive in Shanghai. Our attitude was that they had to demonstrate what they can do for us, and then we will decide whether we can work together”* (Lan 2012, p.10).

Mr. Lv further turned to the Narada Foundation (one of the earliest and leading private foundations in China) for help. After convincing the Narada Foundation that he had found an effective solution to relieving the survival difficulties of grassroots SOs, Mr. Lv successfully raised initial funding (1.2 million RMB) jointly from the Narada Foundation and the Ford Foundation. Subsequently, Mr. Lv rebranded the Shanghai branch of the China NPO Network as “Nonprofit Incubator”, and registered it as an NPO in the Pudong district of Shanghai city in 2006.

²⁶ Interview with Mr. Lv in Beijing, on 19 January 2010. This is also an evidence that the market strategies and mechanism can be transferred from the private sector to the social sector, triggering the marketization process of the social sector.

3.2.2 Social entrepreneurship

NPI draws on strategies of social entrepreneurship to address the survival difficulties of grassroots SOs. Specifically, it devised and conducted a professional service, known as nonprofit incubation, and sold this service first to private and foreign foundations and then to the government.

At the early stage, NPI struggled for its survival as many grassroots organisations did, until it achieved the initial funding from the Narada Foundation and the Ford Foundation. In the following years, NPI earned a growing amount of income from private foundations, corporations, and local governments, by selling the nonprofit incubation service to them.

This study takes the programme of the nonprofit incubation in 2008 as an example to illustrate how this professional service worked to address survival difficulties of grassroots SOs. In 2008, NPI raised eight million Chinese Yuan (CNY) jointly from the Narada Foundation and the Ford Foundation, and provided incubation services to a group of six nascent SOs from June 2008 to June 2009.

After circulating call for proposal in Shanghai, NPI received about 20 applications from local grassroots SOs. Through a process of screening, assessment, and approval by a selection committee in terms of four criteria (social impact, operational model, organisational capacity, and degree of match),²⁷ six organisations were finally accepted to enter the incubator.²⁸ These organisations are:

²⁷ The selection committee has a detailed standard of scoring. For example, whether the social problems the applicants trying to address are serious, whether the social problems receive fewer attentions, whether the proposed solutions are effective, and whether the solutions are sustainable. Source: interview with the director of NPI Beijing office on 29 September 2009.

²⁸ Rejected organisations can be divided into two groups. One group is those who are not able to

- Sowosky Social Worker Service Centre (青翼社工人才服务中心), focusing on capacity building and networking of social workers and social work agencies.
- iFAIR China Fair Trade Centre (乐创益公平贸易中心), which aims to become a platform to promote fair trades in China.
- Raleigh China (雷励青年发展计划), committed to become a platform for young people to raise awareness of environmental protection and improve their knowledge and capability to meet environmental challenges.
- Youreye Blind People Support Association (优爱助盲协会), dedicated to helping blind people live in a better social environment and mental condition, and raising public awareness of protecting the eyesight.
- Hand in Hand Life Care Developing Centre (手牵手心理关爱中心), devoting to life education and hospice, and providing a professional and participatory social environment for the hospice.
- Xingen Workshop (欣耕工坊), focusing on the alleviation of poverty by using commercial methods and professional management to empower vulnerable people and create working opportunities for them.

The initial funds for the incubation were raised completely from private and

clarify the four key issues in their application materials or presentations: (1) what kind of social problems or social demands the organisation is going to solve or address; (2) the design of the solution; (3) the feasibility of the solution and implementation; (4) the executive capacity of the team. The other group of rejected organisations is those who have been established for many years, and their operational models are relatively mature, such as Huilin, a learning disability care organisation.

foreign foundations. The selection process thus did not involve the government, being primarily based on the vision of Mr. Lv and foundation representatives. This situation was confirmed by the chief of the Shanghai Civil Affairs Bureau, as she recalled in an interview.

“Zhao Lv had his own standards of choosing organisations to incubate – the organisations that must meet real local demands. What he did was essentially looking for potential contributors to local social services, which was in line with the interests of both the local government and the local people.” (Lan 2012, pp.171)

The prioritising of choosing locally needed and service-oriented organisations in the incubation was a practical strategy of NPI. This strategy meets the interests of three parties of NPI’s stakeholders: social impact for foundations, social services for local citizens, and social stability for the local government. The incubation service thus has achieved a triple-win situation.

After the procedure of selection, successful organisations were invited to enter the incubator. The incubator provided a total of 400 square metres of pro bono co-working space, including an administrative zone (about 240 m²) and an incubation zone (about 160 m²). The administrative zone consisted of a common room for training and workshops, an administrative centre, and a library. The incubation zone was divided into eight spaces, approximately 20 m² for each, including office

furniture, computers, filing cabinets, photocopying machines, and so forth. The funding raised from the foundations covered the costs of rent, office facilities, electricity, and other overhead. The space in the incubator provided these organisations with a collaborative environment where users were able to design and develop projects, share ideas and experience, and collaborate with each other (Han 2010).

In the first three months, the incubator offered 3,000 Chinese Yuan (CNY) every month, as the start-up capital, for each incubated organisation to cover the cost of the operation. Three months later, the subsidy was increased to 5,000 CNY every month, as long as the number of full-time employees of the incubated organisation exceeded two. In other words, the organisation had to hire at least one staff in addition to the two founders. The incubated organisations also can apply for short-term grants from the incubator to design and implement pilot projects (Han 2010).

One year later, the six organisations were successfully “hatched out” in June 2009. Two years later, all these six organisations have registered successfully, built a team of several full-time staffs, raised a certain amount of funding and achieved a local scale of social impact. From 2008 to 2011, NPI had incubated 62 grassroots SOs nationwide. 85% of incubated organisations are working in the field of education, community services, disease control and prevention, social work and poverty alleviation.

Some incubated SOs even become role models in the NGO circle (Zhao 2012, p.35), such as “China Dolls” which advocates for children with Osteogenesis

Imperfecta (brittle bone disease), and “One Kilogram More” which encourages tourists to visit rural schools by carrying one kilogram of books or other helpful products in their backpacks to school students. On 29 March 2011, then Minister of Civil Affairs even visited China Dolls’ office in Beijing (Wei 2011), making a grant of 1.7 million CNY to support its work in helping vulnerable children.²⁹

As summarised in Table 3.1, changing from two founders, no legal status, and shortage of funding to the situations of having three to eight full-time staff, and successful registration and fund-raising, this is the effect of the nonprofit incubation services on the incubated organisations. This is the positive social changes or social impact created by NPI.

²⁹ The joint funding came from the China Social Welfare Association, the China Social Welfare Foundation, and the China Charity Aids Foundation for Children. This is an evidence that GONGOs can transform to financial organisations for operational organisations.

Table 3.1: The positive social change created by NPI

Organisation	Staff size	Registration	Fund-raising	Social impact
Sowosky	6	Registered at Pudong Civil Affair Bureau (CAB); workplace secured.	About 0.7 million	Becoming a well-known platform in the circle of social workers; establishing a famous online website for social workers.
iFAIR	3	Registered at Jingan CAB; workplace secured.	About 0.1 million	Being well-known in the field of fair trade; building connections with international fair trade peers.
Raleigh	6	Registered at Yangpu CAB; workplace secured.	About 0.5 million	Being well-known in the youth development support; multiple mass media coverage.
Youreye	4	Registered at Pudong CAB; workplace secured at Yangqiao district.	About 0.4 million	Being well-known for local blind people; multiple mass media coverage.
Hand in Hand	5	Registered at Pudong CAB; workplace secured.	About 0.4 million	Being well-known locally; multiple mass media coverage.
Xingen	8	Registered at Pudong CAB; workplace secured.	About 1 million	Being well-known locally; multiple mass media coverage

Source: Summarised by the author.

3.2.3 Achieving government contracts

Perceived the success of the first several rounds of incubation projects which were run by NPI and funded by private and foreign foundations, Shanghai Civil Affairs

Bureau started to procure NPI's incubation services for grassroots SOs that desire to register and apply for government procurement of services. Governmental purchases of the incubation services from NPI have scaled up the size of incubated organisations.

Mrs. Ma, the chief of the Shanghai Civil Affairs Bureau, explained why the Shanghai government would like to collaborate with NPI, as commented in an interview (Lan 2012, p.13).

“Mr. Lv and his team are very active in Shanghai and have displayed lots of potential. We follow their growth closely. Why do we collaborate with them? The collaboration is a process of mutual understanding and mutual influence. In the past decade, there is a culture in NGOs to complain and even oppose the government. This culture is so bad that it would kill NGOs and distance governments from them. Of course, I do not mean social organisations should serve the government. They should keep independent and take advantage of government resources –especially government procurement of NGO services- to develop themselves.”

Before registration and bidding for government contracts, many SOs usually know little about the requirements of legal registration, how to design, implement and manage projects, and how to draft budgets and manage finance. Realised this problem, Shanghai Civil Affairs Bureau starts to purchase NPI's incubation services

for these SOs, which aim to register and engage in bidding for government procurement of services.

The incubation services of NPI offer a variety of capacity building courses, consulting, and mentorship. Training courses, for example, included SOs and social development, leadership and team building, nonprofit governance, strategic and business planning, project management and evaluation, fund-raising skills, financial management, volunteer management, public relations, nonprofit marketing, and so forth (Han 2010). These training courses are practitioner-oriented, rather than theoretical or academic. When NPI expanded to other cities, these training sessions were held regularly in the incubators NPI established in these cities. In 2012, NPI spun off an organisation – Social Entrepreneur Institute (SEI) – to develop and standardise a series of training courses and case studies which are proved effective to meet the real demands of Chinese SO practitioners. In addition to the training, on-demand and bespoke consulting services as well as mentorship are also provided by NPI to tackle specific issues raised by these organisations.

By equipping the incubated organisations with basic knowledge and capacities, NPI as a broker started to invite government-organised NGOs (GONGOs) and government agencies to communicate face-to-face with these incubated organisations. This paved the way for them to register and to achieve government contracts for purchasing services at a later time. From July 2008 to June 2009, at least 18 grant-making organisations visited Shanghai NPI's incubation centre, and in the following years these organisations gradually established collaborations with the incubated

organisations.³⁰ In 2008 and 2009, at least three Civil Affairs Bureaus (Pudong district, Jingan district, and Shanghai city) as well as Shanghai Women's Federation and Shanghai Youth League visited the nonprofit incubator. In the meetings, the incubated organisations presented their projects and outlined their potential impact in filling gaps in local social services. One or two years later, all of these incubated organisations were successfully registered at local Civil Affairs Bureau and even achieved government contracts for purchasing their services.

To raise the government's awareness of grassroots SOs' work and increase the opportunities for grassroots SOs to achieve government procurement of services, NPI organised an independent team to edit and publish an industry magazine for grassroots SOs, namely *Social Entrepreneurs*.³¹ Every issue was mailed directly to government officials and scholars to raise their awareness and update their information about the work of grassroots SOs. This magazine reports lively anecdotes on grassroots organisations and serious articles and reviews from scholars and practitioners. It was circulated via a snowball method among SO practitioners, CSR officers, journalists, and scholars. It also adopted an innovative BOGO (buy one, give one) model of marketing, which encourages readers to buy one set of a year's publications and donate one set to a social organisation that they believe would benefit. The stories and

³⁰ These organisations include but are not limited to: Ford Foundation, Oxfam (HK), Narada Foundation, Amity Foundation, Shanghai Charity Foundation, The Chen Yet-Sen Family Foundation (HK), LGT Venture Philanthropy Foundation, Clinton Foundation, The Hong Kong Council of Social Service, The Salvation Army, Shanghai Pudong Social Development Foundation, Shanghai Senior Citizens Foundation, China Social Entrepreneur Foundation (YouChange), British Council, Jet Li One Foundation, Adream China Education Fund, Shanghai Technology Entrepreneurship Foundation, and Kerry Group Kuok Foundation.

³¹ In 2003, the Ford Foundation in China created a magazine, *NGO Cross* (NGO 纵横), for information dissemination among Chinese grassroots NGOs. In 2005, NPI took over this magazine and renamed it as *Social Entrepreneurs*. The website of the magazine is <http://www.shechuang.org>.

articles printed in this magazine are so engaging that it has achieved wide popularity not only among SOs but also among government officials and scholars. When I conducted fieldwork in Beijing and communicated with three editors of the magazine on 17 December 2013, a call from one city government directly came to one of the editors' mobile to purchase three sets of all the issues for 2014.

After NPI has achieved governmental purchase of incubation services and assisted incubated SOs to achieve government contracts, this model was soon emulated by other support social organisations. Other local governments learned this model from Shanghai and then collaborated with local incubators to set up similar incubation spaces. In the subsequent years, incubation centres, incubation zones, incubation parks, and incubation bases proliferated in major Chinese cities like bamboo shoots after a rainstorm.

By the end of June 2013, NPI has expanded to 15 major cities. According to the incomplete statistics, the total number of nonprofit incubation bases in China were 56 in 2013 (Wang 2013, p.30-31). Some of these incubation bases are not managed by NPI, but by other similar support organisations. As the number of nonprofit incubation bases increases, competition emerges in the field of nonprofit incubation. For example, in Shanghai there are 17 nonprofit incubation bases, 15 at the district level and two at the city level. They compete to attract new nascent SOs for incubation. Due to the growing competition among social incubators, there was even a shortage of applicants for incubation in Shanghai at one period of time.³²

³² An interview with a staff of NPI on 21 August 2013.

In addition to Shanghai, nonprofit incubation bases also proliferate in other provinces. Guangdong and Jiangsu have 10 such incubation bases respectively. Zhejiang has five and Beijing has three. Other provinces such as Tianjin, Anhui, Hunan, Hubei, Liaoning, Shandong, Shanxi, Sichuan, and Jiangxi, at least have one nonprofit incubation bases, by the end of June 2013 (Wang 2013, p.30-31). The number of incubation bases is still growing. For example, the fourth incubation centre in Beijing was initiated in 2014 at Tongzhou district.³³

In sum, NPI has used entrepreneurial and marketised strategies to relieve the survival difficulties of grassroots SOs. Specifically, it generates income by selling the nonprofit incubation services to foundations and local governments, and achieving government contracts for purchasing incubation services for grassroots SOs. These strategies have been proved to be effective, and they relieved the survival difficulties of grassroots SOs. Therefore, NPI has used social marketisation strategies to create positive social changes.

3.3 Three Policy Changes

Social changes promote policy changes. NPI has facilitated the emergence and spread of three new government policies in China: (1) nonprofit incubation policy, (2) venture philanthropy competition, and (3) national charity fairs.

³³ Interview with a government official in Beijing, on 1 December 2013.

3.3.1 Nonprofit incubation policy

Before the appearance of NPI, there was no such a policy of nonprofit incubation in China. Based on the evidence that nonprofit incubation can enhance SOs' capacities in service delivery and thus improve the effectiveness of the government's social expenditure, NPI lobbied the Shanghai government to institute a new policy that grassroots SOs can apply for incubation services provided by NPI, before legal registration and the bidding for government procurement of services. This new practice first appeared in Shanghai and soon spread to other regions in China.

A prominent signal of the implementation of this new policy is that Shanghai Municipal Bureau of Civil Affairs rented and refurbished an old factory as incubation infrastructure - "Shanghai Social Innovation Park" (also known as "The Nest") - in July 2010. Run and managed by NPI, the Shanghai Social Innovation Park provides work space and facilities for a larger number of grassroots SOs to receive incubation services and capacity building training, and allows them to operate daily in the building to conduct their projects and activities.

According to incomplete statistics, the total funding spent in Social Innovation Park, devoted by different levels of Shanghai governments, has accumulated to 179.79 million CNY until June 2012. In Pudong district, four million CNY were spent in the incubation park every year (Xu 2013). The resources government devoted to the incubation infrastructure are twofold: (1) building-related fees for the incubation bases, including rent deposits, decorating costs, and purchases of office facilities, and (2) subsidies for daily operations and activities of the building.

On 14 August 2007, then Vice Minister of Civil Affairs visited NPI Shanghai headquarter and complimented the nonprofit incubation as a new model of public-private collaboration. Esteemed as a local best-practice of social management innovation by the Shanghai Civil Affairs Bureau and supported by the Ministry of Civil Affairs, the experience of NPI model spread quickly through the system of civil affairs from Shanghai to other provinces, and attracted nationwide attentions.³⁴

In the ensuing years, NPI Shanghai headquarter has been visited by a large number of government officials, along with GONGOs, corporations, and academics from all around the country and even overseas. Although the initial purpose of these visits was merely to check whether NPI in Shanghai was just “window dressing” for Shanghai local Civil Affairs Bureau, it gradually became clear that local government visitors came to learn whether and how they could replicate this hybrid incubation model in their own cities. Many former employees of NPI were then invited by different local governments to establish similar incubators in their cities. In the peak period, even employees of NPI recruited yesterday were sent two days later to other cities to open a new local NPI office there.³⁵

The policy of nonprofit incubation spread from Shanghai to other cities. By the end of July 2012, 17 nonprofit incubation bases had been established in Shanghai (Wang 2013, p.30-31). Beijing (in 2008), Chengdu (in 2009), and Shenzhen (in 2010) subsequently adopted similar nonprofit incubation policies, facilitated by local NPI offices in these cities. In the following years, NPI expanded to Nanjing, Suzhou,

³⁴ Interview with a professor at Peking University in Beijing, on 14 November 2013.

³⁵ Interview with a professor at Peking University in Beijing, on 14 November 2013.

Dongguan, Zhuhai, Tianjin, Hangzhou, Jinan, Chongqing, Jiaxing (嘉兴), Hefei, and Xiamen. NPI offices in these cities have played a significant role in lobbying and seeking support from local governments to implement the new policy of nonprofit incubation for grassroots SOs.

3.3.2 Venture philanthropy competition

The second government policy NPI has facilitated is the venture philanthropy competition. It is a large-scale and competitive government procurement of services from social organisations.

The earliest practice of government procurement of services in China took place in Shanghai's Pudong District. In 1996, the Social Development Bureau of Pudong commissioned the newly established Luoshan citizen leisure centre to Shanghai Young Men's Christian Association (SYMCA). In 1998, the district government purchased elderly care services from SYMCA, for the first time in China. Since the 2000s, the scale and scope of government procurements of services from SOs has increased significantly. In 2012, a specialised procurement centre established in Shanghai municipal government has spent 600 million CNY in six big procurement projects. In 2013, the spending jumped to 1.1 billion CNY (Liang 2014). Guangdong province, similarly, spent 466 million yuan in 2012 and Yunnan province arranged 300 million yuan to purchase services from SOs (The Economist 2014). In the middle May of 2014, the Ministry of Civil Affairs held a conference on Philanthropy in China and announced that the government's social service purchase funds has reached 150

billion CNY in 2013 (Simon 2014).

Venture philanthropy, as an innovative method of fund-raising for SOs, was first operated and developed in the US and the UK since the middle of the 1990s. It was introduced to China by NPI in 2007.³⁶ The first launch of venture philanthropy by NPI is its collaboration with Lenovo Company - The Lenovo Venture Philanthropy Programme (LVPP). Lenovo Group is a multinational computer corporation that purchased IBM's personal computer business. In the LVPP, Lenovo Company provides funding, IT support and staff volunteers to grassroots SOs. NPI delivers capacity building training and strategic consulting to grassroots SOs, and sponsored SOs undertake frontline social services.

The opening round of the programme was launched with three million Chinese yuan (CNY) in 2007, which was granted to 16 grassroots SOs. Based on the successful implementation of the first phase of the project, Lenovo Group launched the second and third phase of Venture Philanthropy with 3.02 million and 3.8 million CNY respectively in the following period of 2008 and 2009, as displayed in Table 3.2.

³⁶ Prior to that, the McKinsey Shanghai office once held a small-scale venture philanthropy fund, called Non-Profit Partners, in 2005.

Table 3.2: Three phases of Lenovo Venture Philanthropy Project

Time	Programme	Grant	Grantee
December, 2007	1 st phase	3 million CNY	16 grassroots SOs
October, 2008	2 nd phase (1)	1.3 million CNY	6 grassroots SOs
February, 2009	2 nd phase (2)	1.72 million CNY	8 grassroots SOs
August, 2009	3 rd phase	3.8 million CNY	28 grassroots SOs

Data source: Lenovo Social Responsibility Report 2009-2010. Compiled by the author.

The selection of LVPP is competitive. Taking the 2nd phase (1) of LVPP in 2008 as an example, 92 SOs have applied for this programme. NPI invited experts from Chinese top universities and representatives from Lenovo Company to constitute the selection committee, which evaluated and assessed these service proposals. In the end, only six SOs were picked out from the 92 applications. In the following year, six grassroots SOs were invited by NPI to enter the nonprofit incubator in Beijing. They had received incubation and capacity building training before they start to implement their projects. The granted organisations cover a wide range of issues, from environmental protection to multiple community services.

In October 2009, Lenovo and NPI further initiated a “Youth Social Entrepreneurship Programme”, focusing on the growth of youth organisations. This programme aims to empower these organisations to deliver social services by using

the same method of venture philanthropy. NPI provided professional capacity building training, while Lenovo offered venture capital, volunteers, and IT support. Twenty-eight organisations were selected and their fields cover from low-carbon environmental protection to multiple social services (elderly care, child care, electronics recycling, etc.).

In addition to the incubator and the magazine, NPI's venture philanthropy program has also strengthened communications and collaborations among and beyond SOs. Taking environmental SOs as an example, some engaged in the venture philanthropy project with the Lenovo Company to recycle computer waste in urban and rural China. The Lenovo Company provided funding and employee volunteers, NPI offered capacity-building training and management consulting, and the environmental SOs organised events and conducted frontline activities. In 2009 alone, more than 11,547 tons of waste computer equipment and electronic products were recycled by these SOs (Lenovo 2011, p.48). As part of this process, they formed a nationwide network of environmental organisations, coordinated their internal division of labour, and strengthened their collaborations with corporations, governments, and the media.

Based on the evidence that these venture philanthropy projects achieved success, NPI persuaded the Shanghai government to use the same method of venture philanthropy to fund a larger number of local SOs to increase the provision of social services for local communities. Shanghai Community Service Venture Philanthropy Competition (SCSVPC) was thus created. It is the first wholesale government

procurement of services from SOs in China.

In 2009, with a grant of 10 million CNY from the Welfare Lottery Fund managed by the Shanghai Civil Affairs Bureau, SCSVPC called for proposals for providing community services to meet growing social demands in Shanghai local communities. NPI shouldered the responsibility for assessing the proposals and providing capacity building training to the participatory organisations in the competition. Every selected organisation received 200,000 to 300,000 CNY to conduct a yearlong social service project.³⁷

As shown in Figure 3.1, the operational procedure of the SCSVPC is as follows. Firstly, the government extracts funding from the Welfare Lottery Fund, and entrusts NPI to implement this competition. Next, after receiving project proposals from social organisations, NPI organises a selection committee which was made up of scholars, practitioners and corporate managers to screen these proposals in terms of three criteria (impact, originality and sustainability). Then, after announcing the approved projects and sponsored organisations, NPI provides capacity building training before project implementation, and offers supportive project supervision. One year later, projects of these sponsored organisations come to an end. The outcomes are assessed and their performances are evaluated. Finally, a new round of fund-raising and competition is organised with the same procedure for the second year (Cai 2011, p.238). The SCSVPC circulate briefs and newsletters regularly to different stakeholders and on its website as well, so that local citizens and media can easily

³⁷ See all official documents of SCSVPC at the website of Shanghai Civil Affairs Bureau: <http://mzj.sh.gov.cn/gb/shmzj/node8/node883/node886/index.html>. Last accessed on 2 April 2017.

track and inspect the progress of the whole project and its financial records.³⁸

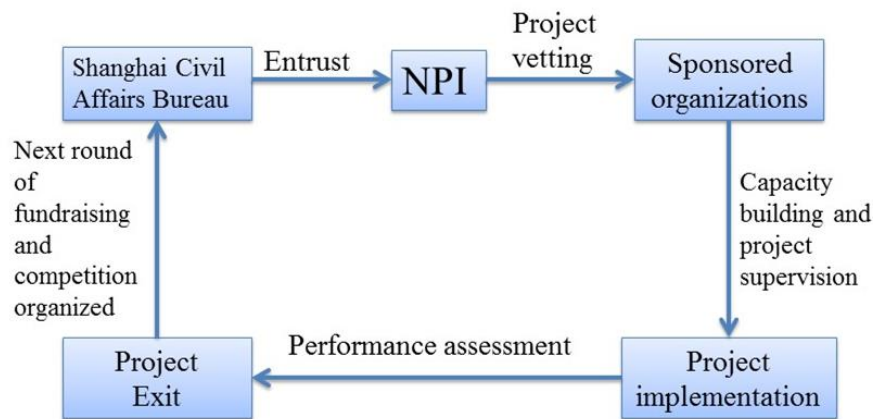


Figure 3.1: The procedure of Shanghai community service venture philanthropy competition (SCSVPC)

The SCSVPC is now a regular event organised in Shanghai. In 2009, a total amount of 9,954,274 CNY was provided to 59 organisations to implement social service projects, covering various fields in social services, including elderly care (32%), youth (21%), disadvantaged people care (20%), employment service (10%), juvenile delinquents (10%), and others (7%) (SCSVP 2011). By the 7th January 2011, 59 projects had received the first round of funding, 37 of them had received the second round of funding for the project implementation (SCSVP 2011). Of the 59 selected organisations, 36 (or 61%) of them were established less than four years. This

³⁸ See more: <http://vp.npi.org.cn> & <http://www.shmzj.gov.cn/gb/shmzj/node8/node883/node886/index.html>. Last accessed on 2 April 2017.

indicates that the community venture philanthropy competition has effectively supported the growth of grassroots SOs in their early developmental stage, and also satisfied the needs of local government to increase the provision of various social services (Cai 2011, p.241).

By the end of 2010, the scale of venture philanthropy funding managed by NPI exceeded 50 million CNY (or 8 million USD). By 2013, NPI has supported more than 300 grassroots SOs through the method of venture philanthropy competition.³⁹

After the success of community service venture philanthropy competition in Shanghai in 2009, Shenzhen, Dongguan, Guangzhou, Hangzhou, Suzhou, Wuxi (无锡), Kunshan (昆山), Shunde (顺德), and Jiujiang (九江) subsequently organised similar venture philanthropy competitions (Pan 2015). A growing number of local governments has collaborated with local NPI offices in conducting such procurements of services from SOs in the competitive way. The policy of venture philanthropy competition thus has spread from Shanghai to a wider region of China.

3.3.3 National charity fairs

The third policy change that NPI has promoted is the national charity fair. In 2012, the Ministry of Civil Affairs (MOCA) initiated a new practice: organising a national charity exhibition, called “China Charity Fair”,⁴⁰ annually in Shenzhen city in Guangdong province. It is a 3-day gathering of social organisations, civil affair bureaus of local governments, companies, international organisations and relevant

³⁹ Interview with a staff of NPI in Shanghai, on 22 March 2013.

⁴⁰ The website of China Charity Fair is <http://web.cncf.org.cn>.

media in China. Its goal is to promote cross-sectoral connections and collaborations among social organisations, government agencies, corporations, international organisations and the media in China.

This policy of national charity exhibition was inspired by two exhibitions of nonprofit projects jointly organised by NPI and local governments in 2009 and 2011. In August 2009, NPI collaborated with Beijing local government organised an exhibition of social services of the incubated organisations. A total of 128 grassroots SOs and 14 major foundations presented their projects at this exhibition (Zhao 2012). They covered a series of service fields: post-disaster reconstruction, environmental protection, culture and education, poverty alleviation, disadvantaged people care, community services, fair trade, so on and so forth. This new practice attracted a wide attention in the social organisation sector, and raised the public awareness of SOs' work.

After the first rollout in Beijing, SO project communication and exhibitions were held in Shenzhen and Shanghai in 2011, where nearly 400 SOs demonstrated their professional services to the public (Wen and Cheng 2012, p.143). Based on the success of the two pilots, in 2012 MOCA took over this form of nonprofit exhibition and upgraded it to the China Charity Fair. Therefore, NPI's collaborations with three local governments (Beijing, Shenzhen, and Shanghai) in the nonprofit exhibition have in the end promoted the policy change from the central government - the emergence of the national exhibition of social organisations, China Charity Fair.

The second China Charity Fair was held in 2013, which I attended in my

fieldwork. It had received over 1,200 applications from SOs, and 828 organisations were finally selected to exhibit their services. Compared with the first Charity Fair, it provided more space for grassroots SOs to showcase their work. The number of grassroots SOs attending in China Charity Fair 2013 increased 150% compared with the number in 2012 (Zhang 2014). In 2015, there are 2,588 organisations participated in China Charity Fair, including about 200 foreign social organisations from Asia, Europe, North America and South America.⁴¹

Although China Charity Fair was initiated by a central government agency (MOCA), it is organised and managed by an independent committee. The members of the committee are from the social and private sector. The diversity of committee members has assisted China Charity Fair in raising funding from different sources. In 2013, it has raised a total funding of eight million CNY, of which two million is from the government, and the other six million is from a variety of foundations and companies.⁴² The proportion of funding from the government is thus 25% of the overall funding of China Charity Fair.

Distinct from the first China Charity Fair in 2011, which categorized social organisations in terms of their regions of operation, the second China Charity Fair in 2013 divided the exhibition into eight themed zones. These eight zones are disaster relief, social organisation, corporate social responsibility and foundations,

⁴¹ Data source: the website of China Charity Fair, <http://www.cncf.org.cn>.

⁴² The main sponsors are private foundations and commercial banks, including Taoyuanju Community Development Foundation (桃源居公益事业发展基金会), Shenzhen Huaqiang Philanthropic Foundation (深圳市华强公益基金会), Tencent Foundation (腾讯公益慈善基金会), China Construction Bank Shenzhen (中国建设银行深圳市分行), Shenzhen Fortune Investment Group (深圳置富投资集团), Kingkey Group (京基集团), and China Minsheng bank (民生银行).

international collaboration, philanthropic cities, philanthropic innovation, experiencing public benefit project, and ecological public benefit. This arrangement was based on issue areas rather than geographical localities. It aims to strengthen the collective social awareness, internal communications and collaborations in each themed zone. Attendees of China Charity Fair can also easily find key players in each issue areas. NPI Shenzhen office was responsible for organising the themed zone of social organisations. China Charity Fair now becomes an infrastructure social organisations for cross-sectoral collaborations not only between SOs and the state, but also between SOs and the private sector, and even a wider public and international world.

In sum, NPI collaborated with local governments to conduct the nonprofit exhibitions to raise the public awareness of grassroots SOs. This new practice has created a positive social change – the visibility and public awareness of SOs have been improved. Inspired by this social change, the central government decided to scale up this practice as a new policy to raise a higher public attention and foster wider collaborations for social organisations in China Charity Fair.

3.4 Summary

The initial idea of the founding of NPI was to address two pressing issues facing grassroots SOs: resource scarcity and difficulty in legal registration. NPI has designed and conducted two professional services – nonprofit incubation and venture

philanthropy - to address the two issues, by providing capacity building training and pro bono working space for grassroots SOs, and channelling resources from the private and public sector to incubated SOs. NPI has sold these professional services to private and foreign foundations, and achieved government contracts of purchasing incubation services.

For grassroots SOs, on the one hand, NPI attracted resources from private foundations (e.g. the Narada Foundation and the Ford Foundation) and corporations (e.g. the Lenovo Company) to cover their operational costs and relieve their resource scarcity. On the other hand, after enhancing basic capacities of grassroots SOs, NPI invited GONGOs and government agencies to meet and communicate with incubated SOs to seek registration and afterwards government procurement of their services.

In scrutinising the services NPI provided and the internal and external relations of NPI, social organisation chains inside and outside NPI have been successfully established. Social organisation chains are not only divisions of labour among social organisations, but also channels of resource flows and even potential coalitions in policy advocacy. The four sections of social organisation chains are operation, support, finance and infrastructure, as revealed in Table 3.3.

Internally, the capacity building training is NPI's core operational section, providing pro bono working space and facilities is the support section, and small grants for operation is the financial section. Social Innovation Park, managed by NPI, as a larger scale of incubation space, serves as the infrastructure section.

Externally, incubated SOs are operational organisations to deliver frontline

services, such as community services, specialised education, poverty alleviation, and environment protection. NPI is a typical support organisation focusing on providing multiple support for frontline organisations, including technical and network support. In the upstream of NPI locates foundations, corporations, and local government agencies, which provide diverse funding sources. NPI has channelled these resources to fund the activities of its incubated SOs, through the methods of grant-making, venture philanthropy, and government procurement. China Charity Fair gathers these stakeholders together and has functioned as an institutional infrastructure for grassroots SOs, support organisations, foundations, companies, and local government actors to connect, communicate, and collaborate with each other.

Table 3.3: Social organisation chains established inside and outside NPI

	Infrastructure	Finance	Support	Operation
Inside NPI	Social Innovation Park	Small grants for operation	Pro bono working space and facilities	Capacity building training
Outside NPI	China Charity Fair	Foundations, corporations, and local governments	Incubator, industrial magazine	Incubated SOs

The reason why NPI can succeed in promoting three policy changes is because it

has established collaborations between upstream and downstream organisations, or social organisation chains, to create positive social change, through experiments, small-scale pilots, and then rapid scaling-up. Perceived the impact achieved by NPI, the governments then formulate corresponding new policies to amplify the successful practices at a larger scale and scope. This process is outlined in Figure 3.2.

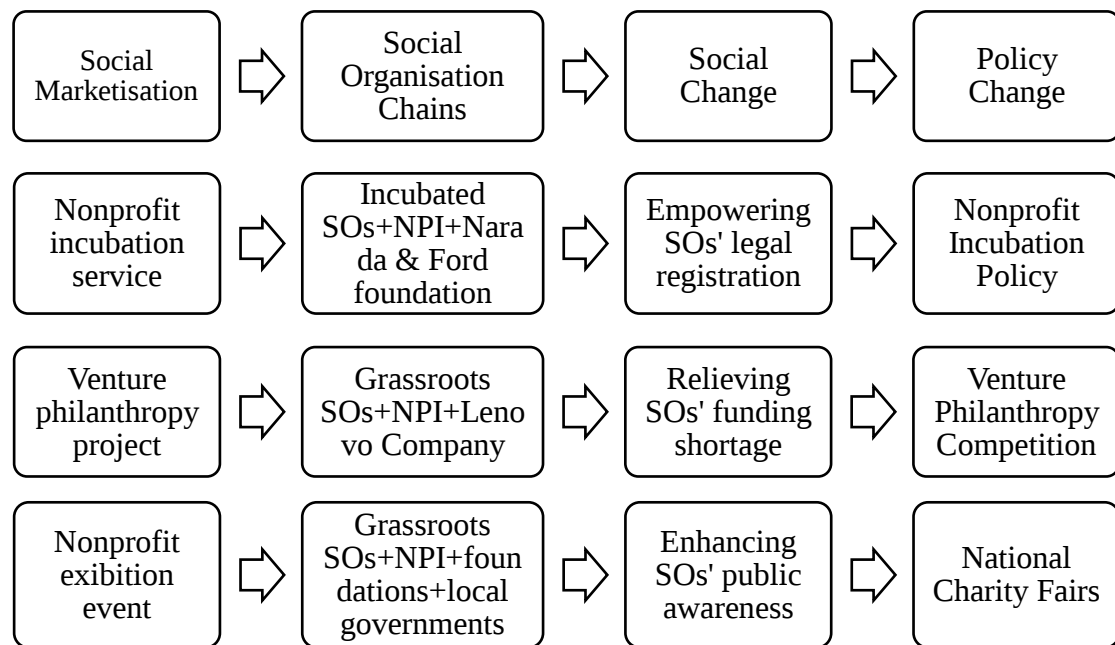


Figure 3.2: The process of three policy changes promoted by NPI

In terms of the policy of nonprofit incubation, NPI first experimented the nonprofit incubator in Shanghai by collaborating with the Narada Foundation and the Ford Foundation. NPI established social organisation chains by linking incubated SOs to foundations and the infrastructure organisation (Social Innovation Park). This innovative practice has promoted positive social change. Incubated SOs had

successfully registered and achieved government purchase of services. When these incubated SOs are proved to be capable to deliver needed services for local communities, the Shanghai government initiate a new policy, nonprofit incubation policy, to provide support to grassroots SOs to help them register and engage in serving the local people. These indicate social marketisation works. When this incubation policy in Shanghai is proved to be feasible, other cities and provinces soon emulate it, which leads to the widespread of nonprofit incubation policy in China.

In terms of the enactment of venture philanthropy competition, it was facilitated by the successful practice of venture philanthropy project, which NPI collaborated with Lenovo Company. The department of CSR in Lenovo Company has funding to support social causes, but it has difficulties in finding sufficient and professional operating organisations to conduct the frontline work. Grassroots SOs have the expertise in delivering professional services, but they usually lack access to funding. NPI uses the method of venture philanthropy to establish linkage between grassroots SOs and the funders. A social organisation chain is thus taking shape. The social change is that SOs' funding shortage has been largely relieved, and they can thus focus on the delivery of their projects and services. This change raised the interests of the local government. The Shanghai government learned this model and scaled it up by bringing resources from the Welfare Lottery Fund, to purchase a wider variety of professional services from a larger number of SOs for local communities. A policy change subsequently occurred.

The third policy change, the enactment of national charity fairs, is consistent with

the same logic. NPI first collaborated with foundations and local civil affairs bureaus to organise events of nonprofit project exhibitions in Beijing, Shenzhen and Shanghai in 2009 and 2011. Local governments provided the legal infrastructure, foundations provided financial resources, NPI organised the event, and grassroots SOs presented their work. Social organisation chains are established among them. The formation of SOC has fuelled the positive social change: the wider public becomes aware of the importance of SOs' work. This enhanced the public awareness and the legitimacy of these social organisations. When recognised and learned the success of these pilots by local governments, the Ministry of Civil Affairs upgraded this practice to China Charity Fairs at the national level in 2012, by involving a larger scale and scope of participants from various sectors and fields. A new policy change followed.

In sum, NPI successfully promoted three policy changes in the field of nonprofit support. The mechanism underlying its success is that NPI draws on entrepreneurial and marketised strategies to established social organisation chains among four types of SOs, and utilises social changes to promote policy changes.

3.5 Conclusion

How and why can some social organisations use entrepreneurial and marketised strategies to promote policy changes? This chapter addresses this question by presenting an in-depth and detailed case study on Nonprofit Incubator (NPI).

NPI was founded in 2006 to address two social problems faced by grassroots

SOs: resource scarcity and difficulty in legal registration. NPI has devised and conducted two professional services – nonprofit incubation and venture philanthropy - to address the two issues, and has successfully sold these services to private and foreign foundations. It has also achieved government contracts for purchasing its services.

As a typical support organisation, NPI has channelled resources from private foundations and corporations to relieve the resource scarcity of operational SOs. NPI has also empowered operational SOs to register and bid for government procurement of services. In this way, NPI has established social organisation chains among four general types of SOs (operational, support, financial and infrastructure organisations).

By establishing social organisation chains, NPI has triggered the positive social change – the survival difficulties of incubated SOs have been relieved. Based on the social change, NPI has promoted the local and central government to enact three new policies in the field of nonprofit support (nonprofit incubation, venture philanthropy competition, and national charity exhibition).

The case study of NPI has demonstrated the process and mechanism of promoting policy changes by using social marketisation strategies. The key to NPI's success in promoting the policy changes is that it has established social organisation chains among four types of social organisations, and made positive social impact at a local level. With the evidence that NPI's practice is effective to address the social problems (survival difficulties of grassroots SOs), policy changes at a larger scale and scope are promoted and enacted.

This chapter shows the usefulness of social marketisation model in understanding the process and mechanism of promoting policy changes by social organisations in China.

Chapter 4: A Case Study on China Foundation Centre

4.1 Introduction

Chapter 3 examines how NPI uses entrepreneurial and marketised strategies to promote the emergence of three policy changes in the nonprofit support field. This chapter provides another prominent case – China Foundation Centre (CFC) – to illustrate how it has used social marketisation strategies to promote two policy changes in the fields of foundation management and children welfare. In the process, the formation of social organisation chains established by CFC was proved to have played a critical role too.

In 2004, the *Regulation on the Administration of Foundations* was promulgated in China. It creates institutional space for individuals, families, universities, and corporations to formally establish and register foundations. Since the enactment of this regulation, foundations have sprung up like mushrooms, as indicated in Figure 4.1. This regulation divides foundations into public foundations and private foundations. Public foundations usually have a government background or spin-off from government agencies or GONGOs, while private foundations are normally established by individuals, families or corporations. Since the end of 2010, the number of private foundations has exceeded the number of public foundations, as shown in Figure 4.1. This represents a significant shift in the foundation sector.

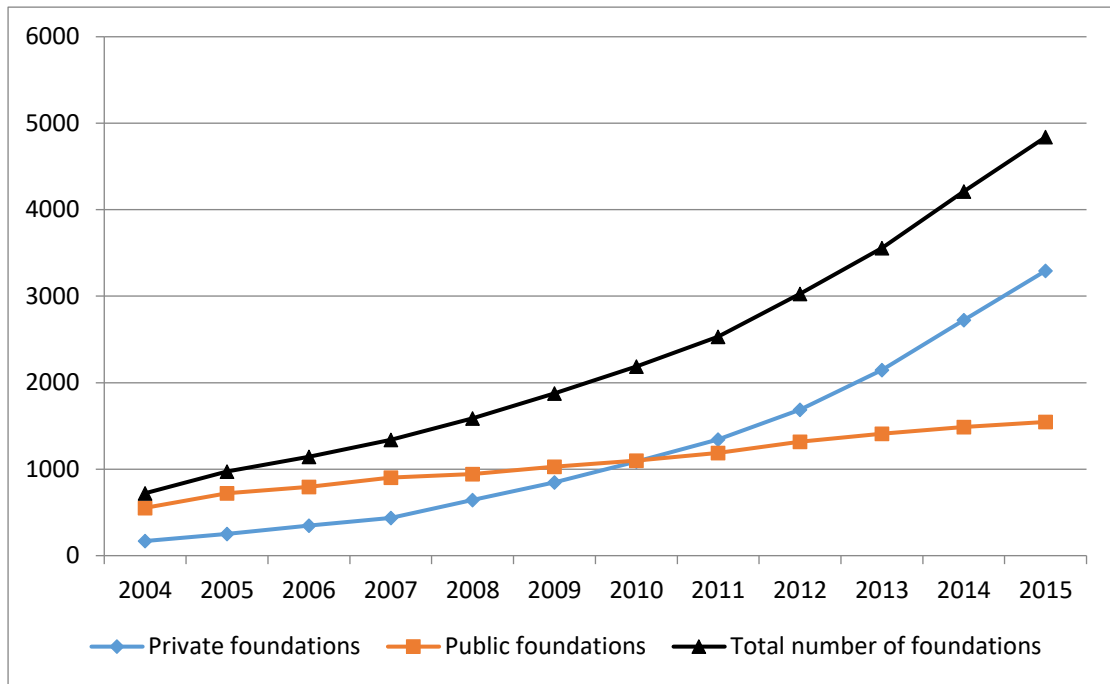


Figure 4.1: The number of foundations in China (2004-2015)

Data source: China Civil Affairs Statistical Yearbook 2015 and China Foundation Centre 2016.

As the scale of foundations has increased significantly, the need to improve transparency has become a pressing issue. Particularly in recent years, a series of scandals tortured the entire foundation sector, such as the “Guo Meimei incident” and the “decimal point incident”.

The “Guo Meimei incident” is a scandal occurred in Chinese Red Cross, regarding its misuse of public donations. A 20 plus year old girl, Guo Meimei, claimed to be a general manager of the Chinese Red Cross at the Chamber of Commerce, and showed

off her luxurious lifestyle on her Sina Weibo (the Chinese equivalent of Twitter).

Although it is now clear that she just made up that title, this incident aroused nationwide questioning to the credibility and reliability of the Chinese Red Cross and the foundation sector. This event has caused a sharp decrease of public donations nationwide in 2011; In December 2012, the “decimal point” incident occurred in the China Charity Aid Foundation for Children with regard to its poor financial management in charitable donations, by mislabelling RMB 0.475 billion as RMB 4.75 billion (Brown-Inz 2013). The two scandals had caused the level of public donations and giving to dwindle in China.

A lack of transparency is the top challenge faced by foundations, since they rely heavily on donations, giving, and grants. Government agencies suspect that private foundations become organisational instruments for tax evasion and money laundering. Corporations worry that foundations suffer from illegal exactions, blackmail, and corruption. Donors concern about whether foundations put their donations to good use and wonder whether their donated funds will safely arrive in the hands of the needy. Without exaggeration, transparency is the lifeblood of foundations. The lack of transparency results in a decline of public trust for foundations in China.

To address the pressing challenge faced by the foundation sector, 35 major foundations in China launched the China Foundation Centre (CFC) in 2010 to “establish an information disclosure platform, provide capacity building for the foundation sector, and improve self-governance and accountability”.⁴³

⁴³ The mission of CFC sees the “about us” on its website: <http://www.foundationcenter.org.cn/aboutus.html>. Last accessed on 14 April 2017.

In the following years, CFC devised and conducted two professional services to address the issue of lack of transparency in foundations. One of the services is the foundation transparency ranking, and the other is the real time online information disclosure. The two services have led to a positive social change - the visibility and transparency of foundations has been improved.

CFC has subsequently facilitated two policy changes. The first new policy is that some local governments start to disclose information of foundations gathered through annual inspection to the general public through third-party social organisations, such as CFC. Now ordinary citizens can access to the needed information about foundations through the third-party platform. The second policy change is a new welfare policy for rural children. In October 2011, the central government decided to allocate 16 billion Chinese Yuan (CNY) in the budget to improve childhood malnutrition by providing free lunches to 26 million rural children in 592 counties.⁴⁴ This enactment of this new policy was promoted collectively by CFC and other social actors.

In sum, CFC draws on entrepreneurial and marketised strategies, especially information technology, to promote two policy changes in China. The case study on CFC can reveal the process and mechanism of how social marketisation leads to policy change.

The remainder of this chapter is organised as follows. Firstly, it examines how CFC used social marketisation strategies to address the social problem – the lack of

⁴⁴ News source: <http://baike.baidu.com/view/2775177.htm>. Last accessed on 13 April 2017.

transparency of foundations. Secondly, this chapter describes the process of how CFC promoted the enactment of the two new government policies in the fields of foundation management and children welfare. Thirdly, it summarises the process and mechanism underlying the success in promoting two policy changes through the lens of social organisation chains. Finally, this chapter draws a brief conclusion.

4.2 Social Marketisation

4.2.1 Social entrepreneurship

CFC draws on entrepreneurial and innovative strategies to tackle the problem - insufficient transparency of foundations. With the technical support from academics at Tsinghua University, CFC developed a well-known online transparency ranking system, named the “Foundation Transparency Index (FTI)”.

FTI offers a monthly ranking of the transparency of foundations in terms of 60 indicators (41 indicators after 2015) of every aspect of foundations, including finance, project, trustee, staff, registration and governance. The ranking system changes as the scores of each foundation are adjusted monthly, based on the information foundations publicly disclosed or collected by CFC.

After the launch of FTI, every foundation felt the pressure of the transparency ranking. Individual and institutional donors can check the ranking and the data of targeted foundations online, before making donations. After donating, they can also require the foundation to disclose their financial information and improve the

transparency on FTI. An increasing number of foundations have disclosed information to the public by publishing on their websites their annual reports, which are then collected systematically by CFC to adjust the rankings and scores on FTI.

In July 2010, CFC collected only eight percent of annual reports of all Chinese foundations, while in 2015 ninety percent of all annual reports of foundations are collected by CFC. For the information of foundations in terms of finance, project, trustee and staff, contact, and registration, 85%-100% of them are systematically collected by CFC by the end of 2015, as demonstrated in Figure 4.2. The database established by CFC are of a size of 2 terabytes (1 TB = 1,024 GB), with 1 million items of entries, and maintained by 4 computer servers (CFC 2016).

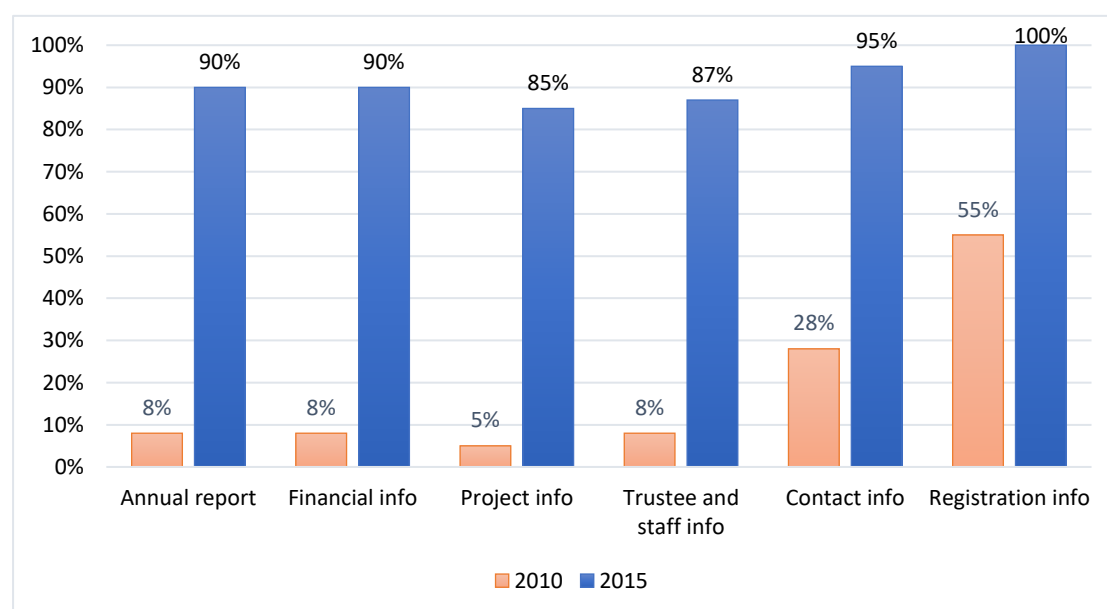


Figure 4.2: Information of foundations collected by CFC (2010-2015)

Source: China Foundation Centre Annual Report 2015

According to the statistics of FTI, the average score of 2,213 Chinese foundations in 2012 was 45.79, that was only 35% of the perfect score of 129.4. Among these foundations, the scores of 981 of them were lower than average. That means that 44% of Chinese foundations failed to achieve an average score. FTI then listed the top 50 and bottom 50 foundations in terms of their scores and announced the results in an online research report. This attracted much attention from the mass media. More foundations felt the pressure of the ranking and information disclosure. Subsequently, CFC initiated conferences, workshops, and training sessions to bring together representatives from these foundations, especially the bottom-ranked foundations, to examine their transparency situations and help them to improve their scores, in terms of the standard CFC established for the foundation sector.

Based on the growing data of foundations, CFC has published a series of industry reports. In 2011, CFC edited and published three books,⁴⁵ and three research reports on the developmental tendencies in the three subsectors of foundations (university foundations, private foundations, and foundations in Shanghai) (CFC 2012, p. 12-13). In 2015, CFC further published three books,⁴⁶ and seven research reports (on the internationalization of foundations, university foundations, environmental foundations, international community foundations, Earthquake relief, corporate

⁴⁵ The three books are (1) *The development of Chinese foundations: an independent research report 2011*, (2) *Chinese 500 Foundations Directory*, and (3) *Thirty years of Chinese foundations*. Foundations exist in China for many years. Before 2004, foundations are usually registered as social associations.

⁴⁶ The three books are (1) *The development of Chinese foundations: an independent research report 2015*, (2) *Developmental research report of the transparency of Chinese foundations*, and (3) *The large foundations in Germany*.

foundations, and Zhejiang foundations, respectively) (CFC 2016). These books and reports are publicly accessible in Mandarin and partly in English on the CFC's website. CFC regularly circulates news and research reports to government agencies, research institutes, and concerned media and people, to improve perceptions of the growing transparency of foundations. Ordinary people can search for specific information on targeted foundations on CFC website after registering and logging in.

The initial funding of CFC was one million Chinese Yuan (CNY), of which 0.4 million CNY from two trustees' foundations (China Foundation for Poverty Alleviation and Narada Foundation), and 0.6 million CNY from a corporation (Youfu Shangying Culture Centre).⁴⁷ In the first three years, CFC's main income is donations from several trustees' foundations. Each foundation has donated 0.1 million every year to CFC. In the following years, the main revenue of CFC came from selling services, projects and products, including data service, trainings for foundation leaders, book sales, and research projects.⁴⁸ For example, CFC organised a well-known training course, "the compulsory course for foundation directors" (秘书长必修课), three times every year. These trainings, on the one hand, have established a network of foundation leaders and enhanced the solidarity of the foundation sector, and on the other hand, have created a substantial income stream for the operation of CFC. In my fieldwork in 2013, I also got to know that researchers at Indiana University and Hong Kong University had purchased the data from CFC for academic

⁴⁷ Data source: http://www.foundationcenter.org.cn/about/about_xxpl.shtml. Last accessed on 14 April 2017.

⁴⁸ Interview with a former staff of CFC on 5 March 2016.

usage.

In sum, CFC has devised and conducted professional services to address the sectoral challenge – the lack of transparency – in Chinese foundations. The work of CFC has achieved the positive social change or social impact. The transparency of foundations has improved significantly. In terms of FTI 2015, the score of top 500 foundations increased from 59.91 in 2012 to 86.21 in 2015 (the full score is 100), based on 41 indicators (CFC 2016).

4.2.2 Achieving government contracts

Although the income from data related services and donations from trustee foundations make CFC financially sustainable, there are also evidences indicating that CFC has once achieved government purchase of services.

On 5-8 November 2015, CFC has hosted the first Beijing Charity Exposition. This event is a contract-based collaboration between CFC and Beijing municipal government.⁴⁹ CFC organised and coordinated this exposition, and Beijing municipal government offered the space and legal support. In the exhibition, 53 social organisations including 35 foundations based in Beijing presented their philanthropic projects to the public, and raised the public awareness of their work.⁵⁰ On 5 September 2016, CFC further organised a larger charity exhibition by convening 150 social organisations from Beijing, Tianjin, and Hebei province (Wei 2016).

⁴⁹ Interview with a former staff of CFC on 5 March 2016.

⁵⁰ News source: <http://news.foundationcenter.org.cn/html/2015-11/93147.html>. Last accessed on 12 April 2017.

4.3 Two Policy Changes

In terms of the policy change, CFC has made an impact on two government policies. One is the information disclosure of foundations from local governments, and the other is the policy of free lunch for rural children, made by the central government.

4.3.1 Disclosure of foundation information

In China, all registered foundations, including public and private ones, are requested to submit annual reports and financial statements to the registration agency, local bureaus or MOCA (Ministry of Civil Affairs), in terms of present regulations. However, the information of foundations is retained by government agencies without public disclosure. On the one hand, agencies of civil affairs have insufficient human resources to check the annual reports of so many individual foundations. On the other hand, ordinary people have no access to the information of foundations with which they are concerned. If government agencies can release the information of foundations gathered through the system of annual reporting to a third-party organisation, this independent actor can thus help to monitor and inspect the validity and accuracy of the information, and meet the information needs of ordinary donors as well.

CFC pushed the envelope and succeeded. What CFC draws upon is *the Regulation on the Disclosure of Government Information* issued in 2007, which gives ordinary citizens the right to request information from government agencies through legal

procedures. In July 2010, CFC requested information on registered foundations from three government agencies (the management bureau of social organisations in Fujian, Henan, and the central government). Some of them have released a portion of the annual reports of foundations to CFC. In the following years, CFC conducted intense activities of legal advocacy to request information openness with regard to foundations from social organisation registration agencies of different local governments. By 23 March 2012, 15 government agencies had opened the access to foundation information to CFC (CFC 2012).⁵¹ When foundations submit annual reports to the registration agency, some local governments have even suggested these foundations to release their information to CFC as well.

In the process of policy advocacy, the Foundation Transparency Index (FTI) has played a significant role. In terms of the FTI, 63 percent of foundations failed to submit the requested information to the management agencies of social organisations, but all of them passed the annual check at the registration agency. This news was broadcast by the mass media and embarrassed some local governments. Research reports based on FTI from CFC have convinced government agencies that social supervision of foundations is feasible and more effective than governments' monitoring, especially when government staffing is insufficient in the registration and management bureaus. Subsequently, an increasing number of local government agencies have released annual check information of foundations to CFC. In particular,

⁵¹ They are Social Organisation Management Bureaus at Jiangsu, Guangdong, Zhejiang, Beijing, National office, Shanghai, Fujian, Henan, Shandong, Liaoning, Yunnan, Hebei, Chongqing, Jiangxi, and Shenzhen. Data source: CFC (2012).

five provincial Bureaus of Administration of Social Organisations (Beijing, Shanghai, Zhejiang, Yunan, and Shanxi) have explicitly requested foundations to disclose information to the public, through the platform of CFC (CFC 2016). The information disclosure of foundations thus becomes a new policy for these local governments. In 2016, the enactment of the China Charity Law formally requires the government to timely disclose charitable information to the public (NPC 2016b).

4.3.2 Free lunches for children

The second policy that CFC has facilitated is the enactment of the central government's free lunch policy for rural children. The process of this policy change is complex and has involved many participants.

In 2008, the China Development Research Foundation (CDRF) submitted a research report to the central government, disclosing the severe nutritional deficiency of rural children in western provinces. Former Prime Minister Wen Jiabao read this report and commented on it. The report was then forwarded to other high-profile leaders. No further actions were taken by the central decision-makers.

The officials at the central government have some difficulties in addressing this social problem. They do not know the real situations of these malnourished children, for example, how many the children are and where they are. They do not know which approach is proper to help these malnourished children: how much funding should be allocated, through which channel these funding is distributed, and to what extent the funding can really reach the needy children. In a word, the central government does

not have the necessary information and capacity to address this social issue, even it has the willingness.

Social organisations, however, can create and test solutions to address this social problem, and refine the solution sufficiently until the government can adopt it as a new social policy. In other words, social organisations can help, by essentially acting as front-line research-and-development unit and conducting social experiments, before a new social policy is initiated by the government. When the experiment achieved success, and created social impact, social organisations can use the social impact to convince, inspire or pressure the government to adopt their solutions as a new policy. A policy change is thus sparked.

The research report from CDRF on childhood malnutrition did not receive responses from the central government. However, it attracted the attention of China Foundation Centre. CFC set up a special webpage focusing on the progress of solving this issue, and released the news source to the national TV channel CCTV. News and media articles soon snowballed in the mass media. On 25 March 2011, CFC coordinated six private foundations to donate 20 million Chinese Yuan (CNY) to provide free lunches to the children suffering from malnutrition in the rural schools. On 29 March 2011, the first batch of the free lunches purchased by the donation from these private foundations arrived in Guizhou (CFC 2012).

On 2 April 2011, a journalist named Fei Deng launched a charity, “free lunch for children”, with the legal support from China Social Welfare Foundation (CSWF). Mr. Deng and his team established an online platform that runs a virtual store, where

people can easily donate money by purchasing the charity product – a three-yuan lunch for kids. This online platform directly transfers the money to a rural school selected online by the donor. The school is then required to post the lunch menu and spending details on Sina Weibo (the Chinese equivalent of Twitter) regularly to confirm that the money has been spent as intended. By April 2016, Free lunch for children charity has raised 198,460,000 Chinese yuan, provided free lunches to 148,659 children in 466 rural schools in 23 Chinese provinces. This is the positive social change created by the charity.⁵²

As the movement of free lunch for children developed further, the media made efforts to push the government agency to respond. Some local governments then started to act. On 11 May 2011, *People's Daily*, the official newspaper of the Chinese Communist Party, published an opinion piece calling for responses from the government to protect children's nutritional rights (Zhang 2011). On 27 October 2011, the Xinhua county government in Hunan province declared that they would build kitchens for these schools and match one yuan to every three-yuan donated through the free lunch for children charity.⁵³

These collective efforts in the end promoted the response from the central government. In July 2011, the central government selected Ningxia province as the pilot for the experiment of a new social policy: providing free lunches to 260,000 students in Ningxia's poor and ethnic counties, covered by public finances. When this

⁵² Data source: the website of free lunch for children charity, <http://www.mianfeiwucan.org>, on 6 June 2016. Last accessed on 2 April 2017.

⁵³ News source: <http://baike.baidu.com/view/2775177.htm>. Last accessed on 13 April 2017.

pilot programme achieved success, then Prime Minister Wen Jiabao eventually announced the national policy in October 2011 that the central government approved 16 billion CNY in the budget to improve childhood malnutrition by providing free lunches to 26 million school students in 592 national poor counties.⁵⁴ A positive policy change occurred.

In this policy change, many social actors made their efforts. What CFC contributed is two-fold. Firstly, CFC pushed the issue of the childhood malnutrition from a government-background foundation focusing on policy research to six private foundations, and then to the media to promote a wider public participation in solving this problem. Secondly, CFC provides an independent platform of information disclosure for the charity free lunch for children to regularly release the financial information to the public.⁵⁵ It thus enhanced the transparency of the funding flow from foundations and the public to the rural malnourished children.

CFC and all other active participants (CDRF, private foundations, CCTV, Sina Weibo, free lunch for children charity, *People's Daily*, and even some local governments) collectively created the positive social change. That is the malnutrition of rural school students has been relieved. This social change lead to a favourable policy change. The initial donation of 20 million CNY from private foundations are magnified 800 times to the 16 billion CNY from the central government to improve the nutrition of rural children. A new national welfare policy for rural children has taken shape.

⁵⁴ News source: <http://baike.baidu.com/view/2775177.htm>. Last accessed on 13 April 2017.

⁵⁵ The website is <http://www.foundationcenter.org.cn/mfwc>. Last accessed on 13 April 2017.

4.4 Summary

In 2010, CFC was founded to address the challenge faced by the foundation sector – the lack of transparency. CFC has devised and conducted professional services, foundation transparency ranking, to address this issue. Under the pressure of the information openness movement, an increasing number of foundations started to release their information online or through CFC to the public. The transparency of foundations has been improved through information technology and CFC's pioneering work. This positive social change has led to the policy change. Some local governments started to disclose the annual reports of foundations to the public through the third-party platforms such as CFC (MOCA 2016a).⁵⁶

Malnutrition of school children is a serious social problem in rural China. CFC collaborated with diverse social actors to address this issue by providing free lunches to these children. Six private foundations donated 20 million CNY, and the charity “free lunch for children” (FLC) raised over 40 million CNY for rural schools to cover the lunches for school students. CFC established an online platform to disclose the information of the funding flow to enhance its transparency, and magnify the social impact. Perceived the social impact, the central government scaled up this practice and enact a new welfare policy - covering the cost of lunches for 26 million rural

⁵⁶ In August 2016, the Ministry of Civil Affairs further requests social organisations to release their fundraising information on 13 Internet information platforms. See the official notification: MOCA (2016a).

children. The social change sparked the policy change.

In scrutinising the social and policy changes promoted by CFC, four divisions of labour or social organisation chains inside and outside CFC have been successfully established. The four sections are operation, support, finance and infrastructure, as summarised in Table 4.1.

Table 4.1: Social organisation chains established inside and outside CFC

	Infrastructure	Finance	Support	Operation	Social problem
Inside CFC	CFC's office and four computer servers	Donations from trustee foundations	Expertise of Tsinghua academics	Foundation Transparency Index (FTI)	Lack of transparency of foundations
Outside CFC	CSWF, CDRF	Private foundations, the general public	CFC, Sina Weibo, CCTV, People's Daily	Charity of Free lunch for children (FLC)	Malnutrition of rural children

Inside CFC, the Foundation Transparency Index (FTI) is the operating section to directly enhance the transparency of foundations to the public. This index is built with the academic and technical support from researchers at Tsinghua University. The

trustee foundations of CFC provided funding to maintain the operating and updating of the FTI. CFC's office space and four computer servers function as the physical and virtual infrastructure.

Outside CFC, the FLC charity is the operational organisation, which raised and transferred donations from ordinary citizens directly to the rural schools. CFC and Sina Weibo disclosed the information of the monetary flow. CCTV and the newspaper People's Daily provide media support. Private foundations and the general public made the donations for rural children. China Social Welfare Foundation (CSWF) provided the legal infrastructure for the charity FLC to operate. China Development Research Foundation (CDRF) provided the research infrastructure - mapping out the distribution and local situations of rural children with malnutrition.

From these discussions, the reason why CFC can succeed in promoting two policy changes is because it has established social organisation chains to address social problems, and then create social impact. Inspired or pressured by the social change, the local and central governments initiated new policies to amplify the successful solution at the larger scale and scope. This process is outlined in Figure 4.3.

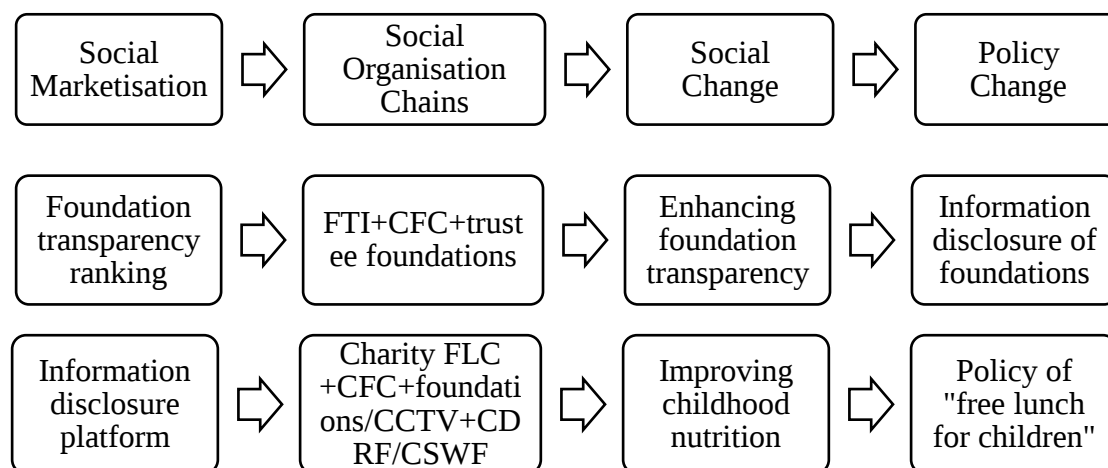


Figure 4.3: The process of two policy changes facilitated by CFC

In the formation of the policy of foundation information disclosure, CFC devised an online transparency ranking, Foundation Transparency Index (FTI), to enhance the visibility and transparency of Chinese foundations, which is a sign of advancement in social marketisation. With the academic support from Tsinghua University and financial support from trustee foundations, the online ranking created a positive social change – more foundations opened their information to the public online or through a third-party platform. Perceived that the social supervision of foundations is feasible and more effective, local governments released the foundation information to CFC and even required foundations to submit annual reports to CFC. A policy change occurred.

In terms of the policy of “free lunch for children”, CFC established an online platform to monitor and disclose the information of the funding donated from private foundations and the general public to rural children. Many social actors and ordinary

citizens participated in this movement and thus created a positive social change – the nutrition of rural children has been improved. Inspired or pressured by this movement, the central government has issued a new welfare policy to scale up the effects in the social change.

In sum, CFC has successfully promoted two policy changes in the field of foundation management and childhood nutrition. The processes of the two policy changes are demonstrated in Figure 4.3. The mechanism underlying its success is that CFC draws on entrepreneurial and innovative strategies to address the social problems, and established social organisation chains among four types of SOs to create social changes. In the end, the social changes inspired or pressured the government to make relevant policy changes.

4.5 Conclusion

How and why can some social organisations use social marketisation strategies to promote policy changes? This chapter has presented another prominent case – China Foundation Centre (CFC).

CFC was founded in 2010 to address the pressing issue faced by the foundation sector - the lack of transparency. CFC devised and ran a real-time transparency ranking system - the Foundation Transparency Index (FTI) – to enhance the visibility and transparency of foundations in China. It further developed an online platform for specialised information disclosure to visualize donations from foundations and the

general public to rural children with malnutrition. By establishing inside and outside social organisation chains, CFC has created positive social changes – the transparency of the foundation sector has been improved, and the malnutrition of rural children has been relieved.

Social changes promoted policy changes. Local governments started to disclosure foundation information to the public through third-party organisations such as CFC. The central government has allocated 16 billion CNY to provide free lunches to 26 million school students in 592 rural counties.

In sum, the success of CFC in promoting two policy changes is that CFC has established social organisation chains to promote positive social changes. With the evidence that the social problems can be addressed properly in the way CFC has developed, the government scaled up the solutions and created new policies. This chapter confirms the usefulness of social marketisation in understanding the process and mechanism of promoting policy changes by social organisations in China.

Chapter 5: Social Organisation Chains and Three Models of Social Governance

5.1 SOCs in NPI and CFC

Why can some social organisations achieve success in promoting policy change in China? Does the underlying mechanism only apply to the two cases (NPI or CFC), or does it have a wider applicability? This chapter addresses the two questions.

Chapter 3 and Chapter 4 draw on detailed case studies to examine how two social organisations, NPI and CFC, use entrepreneurial and marketised strategies to promote five policy changes in China. In the five policy changes, the first three (nonprofit incubation, venture philanthropy competition, and national charity fairs) are related to how the government deal with SOs. The fourth one is related to the behaviour of government itself (information disclosure). The final one is a typical change in social policy (children welfare).

In scrutinising the processes of NPI and CFC in promoting the five policy changes, the key to their successes is the formation of social organisation chains. When they have established social organisation chains, they can address the social problems effectively, because they are equipped with expertise, technical and financial support and institutional infrastructure. When they address the social problems effectively, they have promoted positive social changes or created social impact. With the social impact, they can encourage the government to make relevant

policy changes. This is the general process in the two cases. Underlying this process, the formation of social organisation chains is of critical importance.

Table 5.1 summarises social organisation chains (SOCs) established around NPI and CFC. In the SOCs established by NPI, incubated SOs are operational organisations. NPI and the Social Entrepreneur Magazine are support organisations. Private and foreign foundations (Narada Foundation, Ford Foundation, and Lenovo Foundation) are financial organisations. Social Innovation Park and China Charity Fair are infrastructure organisations. When the SOCs have been established, grassroots SOs' survival difficulties (legal registration and resource attainment) are to some extent relieved. When the social changes occurred, the governments can be persuaded or inspired to enact new support policies for grassroots SOs.

In the SOCs established by CFC, the charity of free lunch for children is the operational organisation. CFC, Sina Weibo, CCTV, and People's Daily are support organisations. Financial organisations include CFC's trustee foundations and the general public that donated money for rural children. China Social Welfare Foundation and China Development Research Foundation are infrastructure organisations. When the SOCs have been established among them, the situation of the malnutrition of rural school children is to some extent relieved due to free lunches donated. This social change pressured the central government to enact a new welfare policy - providing free lunches to rural children.

Therefore, the formation of social organisation chains plays a critical role in encouraging the government to enact new policies in the social sector.

Table 5.1: Social organisation chains established by NPI and CFC

	Infrastructure organisation	Financial organisation	Support organisation	Operational organisation
NPI	Social Innovation Park, China Charity Fair	Narada, Ford, and Lenovo foundations	NPI, Social Entrepreneur magazine	Incubated SOs (Sowosky, iFAIR, Raleigh, etc.)
CFC	China Social Welfare Foundation, China Development Research Foundation	CFC's Trustee foundations, the general public	CFC, Sina Weibo, CCTV, People's Daily	Charity of free lunch for children (FLC)

Some readers may wonder whether personal ties with government officials or insider advocacy activities are more effective, than building social organisation chains and creating social change, in the process of promoting policy change. This research argues that personal ties with government officials or insider advocacy activities, though have some effects, are not the determining factors, based on the following three pieces of evidences.

Firstly, before raising funding from Narada and Ford foundation, NPI has used personal connections to submit the proposal of the “nonprofit incubator” to the chief of the Shanghai Civil Affairs Bureau to seek financial support from the government. This is an insider advocacy (personal advocacy). This proposal, however, was refused by the government. By contrast, when NPI has relieved the survival difficulties of SOs by its own efforts and created positive social changes by collaborating with private foundations and corporations, the government was persuaded to make relevant policy changes to accelerate the process. It is the social change or social impact created by NPI that played the critical role in the success of promoting policy changes.

Secondly, in 2008 the China Development Research Foundation (CDRF) had submitted a research report to the central government, disclosing the severe nutritional deficiency of rural children. This is also an insider advocacy (research advocacy). However, no actions were taken by the central government. By contrast, when the social organisation chains have been established and the nutrition of rural children has been improved due to the joint efforts made by the organisations in the SOC, the central government then enacts the new policy to provide free lunches to rural children.

Finally, in terms of the leadership, NPI and CFC are not led or populated with government-appointed or government-background leaders. The director of NPI previously worked in the media and private sector. The management team of CFC, including the CEO and two vice-CEOs, come from the foundation and the private

sector. The trustee boards of NPI and CFC comprise nonprofit leaders and academics, with no government officials. Both NPI and CFC were established in a bottom-up way, and the selection of their leadership are not determined by the government.

Therefore, personal ties or insider advocacy may have some effects, but they are not the determining factor in SOs' success in promoting policy changes. SOs can use entrepreneurial and marketised strategies to address social issues, in which SOs have to be professional in their division of labour and simultaneously collaborate with other types of SOs. When collaborations are established among four types of SOs (operating, support, financial, and infrastructure organisations), SOC emerged. When SOC set up, SOs were equipped with technical support, financial resources and institutional legitimacy to better create social change, and then to facilitate policy change. The formation of SOC is thus more critical, than personal ties or insider advocacy, in the success of promoting policy change.

SOCs not only apply to the two typical cases (NPI and CFC), but also have a wider applicability in understanding the evolvement of SOs and SO-government relations at the city level, particularly in understanding the strategies of local governments in re-regulating the social organisation sector. To reveal the wider applicability of SOC, this chapter applies the lens of SOC to view the ecosystem of social organisations in three leading cities (Beijing, Shanghai, and Shenzhen) and to examine the new state strategies in social governance.

5.2 Three Models of Social Governance

When applying the perspective of social organisation chains to view the ecosystem of SOs in three leading cities (Beijing, Shanghai, and Shenzhen), three models of the formation of social organisation chains and the strategies of local governments in re-regulating the social sector can be revealed. Beijing is a top-down model, Shanghai is a platform-led model, and Shenzhen is a bottom-up model. This section presents a landscape view of the four types of social organisations constituting social organisation chains emerging in the three metropolises.

5.2.1 Beijing: Top-down model

Beijing embodies a top-down model, because it first initiates the building of upstream segmentations of social organisation chains, by promoting mass organisations and GONGOs transform into infrastructure organisations and financial organisations.

On the one hand, as the national capital, Beijing hosts a large number of mass organisations and GONGOs. On the other hand, grassroots SOs in Beijing have encountered severe difficulties in securing supervisory agencies in the legal registration. To address this issue, Beijing's approach is to establish a system called "hub-type organisations" (枢纽型组织) by transforming mass organisations and GONGOs into "hubs" for registration, management and resource distribution for grassroots SOs. The facilitator of this reform is a Party-state institution, named "Social Work Committee of Beijing Communist Party and Society-building Office of

Beijing Municipal Government”. It is one institution bearing two brands, established in 2007 to coordinate social management issues in both the Party and the government.

In 2009, the Social Work Committee and Society-building Office approved first 10 “hub-type organisations” in some critical issue fields.⁵⁷ They are designated to supervise, manage and connect organisations in their responding working fields. For instance, Labour Union is responsible for becoming the hub for labour-related organisations. Youth League is assigned to coordinate youth organisations including student associations at universities. Women Federation is responsible for women organisations or gender-related groups. In 2010, additional 12 hub-type organisations were certificated in Beijing.⁵⁸ From 2009 to 2015, 36 “hub-type organisations” in Beijing were approved by the local Party-state (Beijing Daily 2015).

After these “hub-type organisations” were certificated, the local state provides public resources to cover their managerial costs in supervising operational SOs. Subsequently, the growing government procurement of SO services is managed and distributed by these “hub-type organisations”. For example, Beijing municipal government initiated a grant programme of 300 million Chinese yuan (CNY) to fund grassroots social organisations in 2010. Some hub-type organisations and NPI Beijing office were commissioned to manage, implement and support these projects (Teets

⁵⁷ The 10 organisations are as follows: Labour Union, Youth League, Women Federation, Association for Science and Technology, Disabled Persons' Federation, Federation of Returned Overseas Chinese, Literary federation, Federation of Social Science, Red Cross, and Law Society.

⁵⁸ The 12 organisations are as follows: Sports Federation, Federation of Industry & Commerce, Council for the Promotion of International Trade, Volunteer Federation, Private and Individual Economy Association, Capital Philanthropy Federation, Institute of Certified Public Accountants, Lawyers Association, Federation of Industrial Economics, Federation of Industry and Commerce, Construction Industry Association, and Association for Private Education.

2015). This is a good sign of the development of social marketization.

Beijing's approach of promoting mass organisations and GONGOs transfer into "hub-type organisations" made it easier for grassroots SOs to register and obtain resources from the government through the "hub-type organisations". In this process, some mass organisations and GONGOs served as supervisory agencies and management platforms for grassroots organisations, and gradually transform into infrastructure and financial organisations for operational organisations.

This practice of building a system of "hub-type organisations" first appeared in Beijing and was subsequently learned by other cities and provinces. For instance, Guangdong province in 2012 released a scheme of establishing a "Guangdong-style" hub-type organisation management system to foster and support social organisations (Li 2012).

Some GONGOs are transforming to infrastructure organisations providing legal and sectoral support, while other GONGOs have evolved to financial organisations. Some formerly government-affiliated organisations become relatively independent and have registered as public foundations, under the slogan "small government, big society" (小政府，大社会) and afterwards "separation of government and society" (政社分开) in China. These foundations include China Children and Teenagers' Foundation (中国儿童少年基金会), China Foundation for Poverty Alleviation (中国扶贫基金会), China Women's Development Foundation (中国妇女基金会), China Song Ching Ling Foundation (中国宋庆龄基金会), China Red Cross Foundation (中国红十字基金会), so on and so forth.

In addition to these public foundations entitled ‘All-China/China’ (全国性/国字头), private foundations mushroomed in Beijing as well. Many of them are established by corporations or entrepreneurs. Private foundations are active in the fields of social entrepreneurship, social investment and social innovation. The well-known ones include the Narada Foundation (南都公益基金会), the Social Entrepreneur Foundation or Youchange (友成企业家扶贫基金会), and Society of Entrepreneurs and Ecology foundation (SEE 企业家环保基金会). Furthermore, an increasing number of prestigious universities in Beijing has established their own university foundations, including Tsinghua University Education Foundation and Peking University Education Foundation.

Since 2004, as the number of foundations has increased dramatically, the needs for improving self-governance, transparency, professionalism and sectoral coordination have become a pressing issue for Chinese foundations, especially in recent years, several scandals in the foundation sector occurred (e.g. the “Guo Meimei Incident” in Chinese Red Cross and the “decimal point” incident in China Charity Aid Foundation for Children).

These scandals lead to the launch of the China Foundation Centre (CFC) in 2009. CFC was initiated by 35 major foundations in China to improve the transparency and accountability of the foundation sector. One of its most salient features is an online information platform - “Foundation Transparency Index (FTI)” - which provides a ranking of the foundations on 41 indicators (of programs, finance, and governance) and changes as their scores are adjusted monthly, depending on the information

foundations publicly disclose (Smith 2012).⁵⁹ At present, CFC has established almost the most comprehensive and the largest database of foundations in China. It has become an information support organisation for the foundation sector.

In addition to CFC, other support organisations in Beijing include Nonprofit Incubator, *the China Development Brief* and NGO 2.0 project (IT support). Some research centres in some prestigious universities and think-tanks in Beijing are also active in promoting cross-sectoral collaborations between the public, private and social sector, by publishing reports and organising events. These institutes include but not limited to Tsinghua NGO Research Centre, Peking University Civil Society Studies Centre, and Philanthropy Research Institute at Beijing Normal University, and the list can go on. They are support organisations in acknowledge exchange, research and trainings for the social organisation sector.

Beijing is one of the most vibrant bases for grassroots SOs in China. Some famous grassroots and operational organisations include Friends of Nature (自然之友), Global Village (地球村), Maple Women's Counselling Centre (红枫), One Kilogram More (多背一公斤), China Dolls (瓷娃娃), Science Squirrel Society (科学松鼠会), Hua Dan Workshop (花旦工作室), Institute of Public and Environmental Affairs (公众环境研究中心), etc. Notably, the Institute of Public and Environmental Affairs⁶⁰,

⁵⁹ The president of the American Foundation Centre Bradford K. Smith states that the online transparency index of CFC holds to higher standards of transparency than the American counterparts. See the article: Smith (2012).

⁶⁰ "Institute of Public and Environmental Affairs (IPE) creates online and mobile tools for people to access information about the land, air, and water in China by aggregating existing government data. These tools have increased public participation in environmental governance, resulting in nearly 2,000 factories acting to clean up their pollutions. IPE also promotes sustainable global supply chains by getting large corporations and multinationals like Apple, Hewlett Packard, H&M, and Gap to monitor the environmental performance of their suppliers". See the website of Skoll Foundation, <http://skoll.org/organization/institute-of-public-and-environmental-affairs>. Last accessed on 14 April

as the first Chinese social organisation in history, has achieved the Award of Skoll World Forum for Social Entrepreneurship in 2015 at Oxford.⁶¹ This signals the professionalism of some operational social organisations in China have been gradually recognised by the international community of practice.

Due to Beijing's status as the national capital, many international NGOs locate their China headquarters or offices in Beijing, such as the Ford Foundation, British Council, World Wide Fund for Nature, Save the Children, and Green Peace.

5.2.2 Shanghai: Platform-led model

The emergence of social organisation chains in Shanghai is a platform-led model, because Shanghai first initiates and strengthens the middle segmentation of social organisation chains, by scaling up support organisations to large-scale management and resource distribution platforms for operational organisations.

In contrast to Beijing which hosts many national mass organisations, GONGOs, research institutions, and international NGOs, Shanghai has a fewer such kinds of organisations. However, as China's financial centre, Shanghai hosts lots of venture capital agencies and intermediary service enterprises. They are active in corporate social responsibility, social entrepreneurship and social investment. The emergence of social organisation chains in Shanghai was driven by and benefited from the force

2017.

⁶¹ News source: "Skoll Foundation Announces 2015 Skoll Awards for Social Entrepreneurship", 12 April 2015 by Skoll Foundation, <http://www.skollfoundation.org/skoll-foundation-announces-2015-skoll-awards-for-social-entrepreneurship>. In 2016, I participated in Skoll World Forum on 13-15 April, and contributed a blog for the Skoll Centre: "Challenging Global Wealth Inequality", see the website: <http://skollcentreblog.org/2016/04/18/challenging-global-wealth-inequality>. Last accessed on 14 April 2017.

from the private sector.

The first support organisation (Nonprofit Incubator) and the first large-scale support platform (Social Innovation Park) for social organisations and social enterprises appeared in Shanghai. Nonprofit Incubator is the first and probably the most well-known support organisations in Chinese social organisation sector. It was first founded in Shanghai in 2006 and then expanded to 15 major Chinese cities. It provides multifaceted support services to operational organisations, ranging from working space provision and operating funding to bespoke training and mentorship.

Shanghai Social Innovation Park (also known as “The Nest”) was established in July 2010, providing co-working spaces and facilities for a larger number of operational organisations and social enterprises. A variety of training sessions, philanthropic activities, and fair trade events are organised regularly in “the Nest”. It is an upgraded platform for nonprofit incubations and it accumulates considerable sources to support the long-term development of local social organisations. This initiative has expanded from Pudong district to other districts in Shanghai, and then spread to Beijing, Nanjing, and Shenzhen.

Distinct from Beijing’s “hub-type organisations” as the sectoral infrastructure, Shanghai has some local network-style infrastructure organisations, “associations of social organisations” (社会组织联合会). Associations of social organisations are widely established in various issue areas of social organisations. They function as the legal and coordinative infrastructure for the social organisation sector. Government employees are explicitly forbidden to hold positions in these associations.

Associations of social organisations are more autonomous forms of infrastructure organisations, compared with “hub-type organisations” in Beijing. The establishment of such kind of infrastructure organisations has spread from Shanghai to other regions as well. For example, in April 2014, Guangzhou, the capital of Guangdong Province, has established the first “association of charities” (公益慈善联合会) in Guangdong province (Li, Chen and Sui 2014).

Since 2004, private foundations have sprung up like mushrooms in Shanghai. One of the most renowned private foundations in Shanghai is the Cherished Dream Foundation (真爱梦想基金会). It is committed to helping children in attaining an education based on the development of life skills, personal wellness and self-confidence outside the standardised testing in schools. This foundation is run by a team whose members are all from the financial sector, and is evaluated as the top transparent foundation in China by Forbes in 2011 (Cheng 2011).

In 2009, the United Foundation (联劝) was founded in Shanghai. As the Chinese equivalent of the American United Way, this fund-raising platform commits to bridging the gap between donors and operational SOs in a professional and accountable way. It has developed two kinds of business: traditional grant-making and bespoke investment planning. Bespoke investment planning is to meet the needs of growing philanthropists and corporate leaders by designing personalised schemes of charitable investment.

Shanghai, as the shared headquarter of many multinational corporations and Chinese small and medium-sized enterprises, is a leading city in Corporate Social

Responsibility (CSR), venture philanthropy, and social investment. In Shanghai, venture philanthropy and social investment agencies have become significant financial organisations for grassroots and operational SOs. The Shanghai Community Venture Philanthropy Competition (SCVPC), as the first large-scale government procurement of services from SOs, emerges in Shanghai and then spread to other provinces, including Jiangsu, Zhejiang, Beijing, and Guangdong. For example, in 2015 Guangzhou spent 18.5 million CNY in the venture philanthropy competition to sponsor 154 social organisations to conduct social services (Zhong and Yin 2016).

Social investment agencies are active in Shanghai as well. A well-known one is the Yu Venture Philanthropy Fund, managed by a company called Venture Avenue (深德公益). Venture Avenue is an agency specialising in social investment. It was established by two investors from Boston Consulting Group with an initial fund of 10 million CNY in 2009.

With the financial support from foundations and technical support from incubators, operational SOs in Shanghai have witnessed a significant growth. Some famous local ones include but are not limited to, Wulixiang Community Service Centre (屋里厢社区服务中心), Sowosky Social Worker Service Centre (青翼社工人才服务中心), Youreye Blind People Support Association (优爱助盲协会), Hand in Hand Life Care Developing Centre (手牵手心理关爱中心), iFAIR China Fair Trade Centre (乐创益公平贸易中心), Raleigh China (雷励青年发展计划), Xingen Workshop (欣耕工坊), and the online Charity Shop Shantao (善淘网).

5.2.3 Shenzhen: Bottom-up model

In terms of the formation of social organisation chains, Shenzhen represents a bottom-up model, because it first enhances downstream segmentation of social organisation chains, by opening direct registration for SOs and creating favourable operating environment for operational organisations.

As a frontier city in the economic reform, Shenzhen has experience in policy experiment and policy innovation for grassroots enterprises and start-ups. Shenzhen applied this experience to the social sector. In China, Shenzhen is the first city in to break the dual-registration management system and the rule of “one industry, one association” (一业一会). In 2004, Shenzhen started to explore the ways to lower the registration threshold for social organisations. In 2008, Shenzhen first piloted direct registration for three categories of social organisations (business and economy, social welfare, and philanthropy) (Nanfang Daily 2011). In 2012, the direct registration was opened to additional five categories of social organisations (social services, environmental, cultural and recreational, technology, and sports organisations) (Zhan 2012). Afterwards, eight issue-based social organisations are permitted to register directly with no precondition of securing supervisory agencies in Shenzhen. These reforms indicate that Shenzhen relaxed the market entrance for social organisations to address social issues, and thus created conditions for the development of social marketisation among social organisations.⁶²

This reform of direct registration for SOs has been emulated soon by other cities,

⁶² With the legal status, SOs can general income from providing services and bidding for government contracts.

and has become a national policy in 2016. Since 2009, Guangdong, Beijing, Shanghai, Tianjin, Sichuan, Jiangsu and other places have followed suit. Until 2012, 19 provinces in China have conducted reforms of direct registration and loosened the dual management system for social organisations. In 2016, the enactment of the China Charity Law formally repeals the dual management system nationwide (NPC 2016b).

In terms of the infrastructure organisations, China Charity Fair in Shenzhen is a prominent case. The first Charity Fair was held in Shenzhen in July of 2012, which attracted over 150,000 attendees from all over the country, including representatives from foundations, corporations, research institutes, nonprofit organisations and public sector organisations. It has a wide spectrum of SOs working in fields ranging from poverty alleviation, social care, and environmental protection to culture, media, research and advocacy. China Charity Fair provides an institutional infrastructure on which diversified organisations could exhibit, communicate, and seek partnerships and collaborations. Lectures, seminars, salons, conferences are organised, new industrial reports on the charitable and philanthropic sector are released, and press briefings are held during the three-day period in the China Charity Fair. Government officials, CEOs of companies, academics, and foundation representatives are invited from around the world to attend China Charity Fair.

Foundations in Shenzhen are as prosperous as their peers in Shanghai and Beijing. Some famous foundations include Jet Li One Foundation (李连杰壹基金), Zhengweining Charity Foundation (郑卫宁慈善基金会) and Tencent Foundation (腾讯基金会). In January 2011, the One Foundation, established by martial arts superstar

Jet Li (李连杰), was registered in Shenzhen. It is the first foundation transforming from a private foundation to a public foundation in China. Prior to that, the One Foundation had to run as a special project under the Chinese Red Cross Foundation in order to achieve the permission to undertake public fund-raising activities. The status of public foundation enables it to raise funding openly and widely. The Zhengweining Foundation was established by Weining Zheng (郑卫宁), a disadvantaged person, and also a founder of the Shenzhen Canyou Group, which employs people with disabilities and helps them start businesses and find jobs. Canyou (残友), which means “Friends of the Disabled” in Chinese, now runs one foundation, eight social organisations, and 32 social enterprises. It has hired more than 3,700 disadvantaged persons in China. In 2012, Canyou Group has become the first Chinese organisation that won the International Social Enterprise Awards, offered by Social Enterprise UK (SEUK), a British national alliance of social enterprises (SEUK 2012).

In terms of operational organisations, a prominent development in Shenzhen is the proliferation of professional social work agencies. As the consequence of the administrative reform, Shenzhen government has transferred 100 functions from 17 government agencies to social work organisations. In 2009, the Civil Affair Bureau and the Financial Bureau of Shenzhen announced 800 social worker positions funded by the public finance. Each position of social worker was granted 66,000 CNY, of which 60,000 CNY is for the employee’s salary and 6,000 CNY is to cover the operational cost of the organisation.⁶³ In 2016, the annual salary of a social worker

⁶³ Interview with a director of social work agency in Shenzhen, on 23 September 2013.

has raised to 93,000 CNY (before taxes and including subsidies for agencies) (Guan 2013). The favourable environment has spurred the growth of social work organisations in Shenzhen. It even attracted many college graduates moving from Shanghai and Guangzhou to Shenzhen to seek jobs in these social work agencies.⁶⁴

5.3 Summary

Table 5.2 summarises aforementioned social organisations in the three leading cities, based on their positions on social organisation chains.

⁶⁴ Interview with a director of social work agency in Shenzhen, on 23 September 2013.

Table 5.2: Social organisation chains and typical organisations in the three cities

Cities	Infrastructure Organisations	Financial Organisations	Support Organisations	Operational organisations
Beijing	Hub-type organisations	China Foundation for Poverty Alleviation, Narada, Youchange, SEE, etc.	China Foundation Centre, Nonprofit Incubator, Nonprofit research centres at some universities, etc.	Institute of Public and Environmental Affairs, Friends of Nature, Global Village, China Dolls, etc.
Shanghai	Associations of social organisations	United Foundation, Cherished Dream Foundation, Venture Avenue, etc.	Nonprofit Incubator, Social Innovation Park, etc.	Sowosky, Youreeye, Hand in Hand, iFAIR, and Raleigh China, etc.
Shenzhen	China Charity Fair	Jet Li One Foundation, Zhengweining Foundation and Tencent Foundation, etc.	Nonprofit Incubator, etc.	Canyou Group, Social work agencies, etc.

Source: the author.

Table 5.3 sums up three models of the formation of social organisation chains.

Through mutual learning and competition, these reforms and practices in the three leading cities spread to other cities and wider regions of China. For example, nonprofit incubator, venture philanthropy and social innovation park spread from Shanghai to Shenzhen, Dongguan, Guangzhou, Hangzhou, Suzhou, Wuxi, Kunshan (昆山), Shunde (顺德), Jiujiang (九江) and Harbin. The building of hub-type social management system first appeared in Beijing and was learned by Shanghai, Shandong, and Guangdong. The reform of direct registration of social organisations, after the successful pilot in Shenzhen in 2009, was subsequently adopted by Guangdong, Guangxi, Shanghai, Beijing, and was implemented nationwide in 2016 (Wei 2013). When the emulation and expansions occurred among these cities and regions, a nationwide social market is gradually emerging in China.

The three cities do not represent all regional models existing in China, but they do present three distinct models in terms of the formation of social organisation chains in Chinese metropolises. Social marketisation developed similarly and differently in the three cities. Similarly, the three cities welcome and support the development of social marketisation, either implicitly or explicitly. Distinctively, Beijing used infrastructure organisations to purchase services from SOs, Shanghai relied more on support organisations, while Shenzhen managed government contracts by direct registration reform. The three cities are learning from each other's strategies, and other cities and regions in China are emulating their pioneering models. These strategies and models thus spread from the three cities to wider regions in China.

The strategies of local governments in re-regulating SOs depend on the

institutional resources that they can use. Beijing hosts a large number of mass organisations and GONGOs, so that it can reform these organisations and rely on them to regulate the social organisation sector. Shanghai has many venture capital agencies and intermediary organisations, so it can transfer the experience of regulating the financial sector to regulate the social organisation sector, by building incubators, platforms, and service markets for SOs. As a frontier city, Shenzhen is experienced in policy experiment and innovation in activating private enterprises and start-ups, so that it can use this experience to foster grassroots SOs and social enterprises. The strategies of the three local states created a new institutional environment that drives the development of social marketisation since the 2000s in China.

Table 5.3: The formation of social organisation chains in three cities

City	Feature	Institutional resource	Policy Change	Diffusion path
Beijing: Top-down model	First building the upstream social organisation chains, especially infrastructure and financial organisations.	Beijing hosts a large number of mass organisations and GONGOs.	Building “hub-type organisations”: transforming GONGOs into sectoral infrastructure.	Beijing→ Shanghai→ Shandong→ Guangdong
Shanghai: Platform-led model	First strengthening the middle segmentation of social organisation chains, especially support organisations.	Shanghai has many venture capital agencies, and intermediary service organisations.	Building physical and financial support platforms and organising venture philanthropy competitions.	Shanghai→ Shenzhen→ Dongguan→ Guangzhou→ Hangzhou→ Suzhou→Wuxi →Kunshan→ Shunde→ Jiujiang→ Harbin
Shenzhen: Bottom-up model	First enhancing the downstream social organisation chains, especially operational organisations.	Shenzhen is experienced in policy experiment and innovation in activating grassroots organisations and start-ups.	Direct registration reform: opening direct registration for NGOs, and promoting the growth of social work agencies.	Shenzhen→ Guangdong→ Guangxi→ Shanghai→ Beijing→ Central government

Source: the author.

5.4 Conclusion

Why can some social organisations succeed in promoting some policy changes?

The case studies on the processes of NPI and CFC in promoting the five policy

changes indicate that the mechanism underlying their successes is establishing social organisation chains to address social problems, facilitate social changes, and then use social changes to fuel policy changes. In the process, the formation of social organisation chains plays a critical role in creating both social and policy changes.

Through the lens of social organisation chains, this chapter further examines the ecosystem of social organisations in three leading cities (Beijing, Shanghai, and Shenzhen), and shows a wider applicability of social organisation chains at the city level. The strategies of local governments in re-regulating different segmentations of social organisations are summarised in three models (top-down, platform-led, and bottom-up).

Beijing is a top-down model in building SOC. It initiates and strengthens infrastructure and financial organisations, through top-down reforming mass organisations and GONGOs to provide sectoral infrastructure and financial resources for other social organisations.

Shanghai is a platform-led model. It is the first city to establish the middle segmentation of social organisation chains among social organisations, by scaling up support organisations to large-scale management and resource distribution platforms for SOs.

Shenzhen is a bottom-up model in the formation of social organisation chains. It enhances the role of operational organisations in meeting social demands and solving social problems, by opening direct registration for SOs and creating favourable operating environments for operational organisations.

The three cities are important to understand how social organisation chains emerged in Chinese major cities and how social marketisation varied geographically. Infrastructure organisations, support organisations and operational organisations first emerged in Beijing, Shanghai, and Shenzhen, respectively. The three cities thus represent three original models in the formation of SOC. The three cities welcome and support the development of social marketisation, which can strengthen social organisations and simultaneously extends the reach of the state. Beijing used infrastructure organisations to purchase services from SOs, Shanghai relied more on support organisations, while Shenzhen managed government contracts based on direct registration reform. Other Chinese cities are learning, emulating and combining the three distinct models, and subsequently the three models diffused from the three leading cities to wider regions of China. The diffusion paths of the three modes are summarised in Table 5.3.

In sum, the formation of social organisation chains is the key mechanism underlying the success of NPI and CFC in promoting five policy changes. Social organisation chains can not only apply to the two cases (NPI and CFC), but also have a wider applicability in understanding the evolution of social organisations and the strategies of local governments in re-regulating the social organisation sector.

Chapter 6: Discussions

The prior chapters have empirically shown that social organisations can use entrepreneurial and marketised strategies to create social change, and then use social change to encourage policy change. The seemingly apolitical tendency, social marketisation, can thus lead to a political consequence - policy change – facilitated by social organisations in China.

This chapter aims to deepen our understanding on social marketisation by shedding light on the relations between social marketisation and other significant theoretical and practical issues. In particular, this chapter addresses the following four questions.

Firstly, what are the differences between social marketisation and the two mainstream approaches to explaining NGO-government relations, civil society and corporatism? The answer to this question is important, because it helps us to capture the key added value of the new conceptualisation, social marketisation, to the literature of NGO-government relations.

Secondly, does social marketisation facilitate the control from the state on social organisations? Social marketisation can enhance SOs' performances in solving social problems and meeting social demands through establishing social organisation chains. When social organisations have promoted social change, or created social impact, they attract the attention from the government, as shown in the two cases NPI

and CFC. With the emerging attention from the state, some people may wonder whether the state will exert more controls on these SOs, in addition to adopting their solutions as new policies. In other words, does social marketisation also increase the state control on SOs, except promoting policy change? This question is important, because it points to an opposite direction of the consequence of social marketisation, which therefore worth more clarifications.

Thirdly, some local governments have used marketised strategies, known as “bargained authoritarianism”, to absorb popular protests and social unrest. In the “bargained authoritarianism”, the local governments use money to “buy off” protesters to relieve social discontents (Lee and Zhang 2013). So, **to what extent are social marketisation different from bargained authoritarianism?** Furthermore, a more general question is: **can government funding suppress political activities of SOs, or does it encourage political activities of SOs? What is the impact of government funding on advocacy activities of SOs in China?**

Finally, the legal and regulatory environment of social organisations in China is changing fast in recent years. In March and April 2016, for example, China passed two new laws (the China Charity Law, and the Law on the Management of the Activities of Overseas NGOs within Mainland China). One is favourable for domestic SOs and the other is harsh for overseas NGOs. Therefore, **how to interpret the two new laws and what is the potential impact of the two new laws on the tendency of social marketisation and the development of social organisations in China?** This question is also important and relevant to social marketisation argument. The

following sections address the four groups of questions respectively.

6.1 Civil Society, Corporatism, and Social Marketisation

To compare the differences between civil society, corporatism, and social marketisation, this research selects four criteria for comparison: (1) resource dependence, (2) relationship with the government, (3) relationship with peer social organisations, and (4) the perceived policy influence. Table 6.1 summarises the differences of them in the four dimensions.

In terms of resource dependence, the notion of civil society assumes that social organisations primarily rely on private donations and giving, rather than government funding or commercial income, in order to maintain autonomy and independence. Corporatist theory regards government grants and subsidies as an important resource for co-opted social organisations. Social marketisation highlights the role of commercial income and service revenue in organisational sustainability and policy advocacy.

In terms of the relationship with the government, the notion of civil society views NGOs as autonomous from the state. The corporatist model regards social organisations as co-opted by the government. By contrast, the social marketisation model highlights contract-based interactions between SOs and the government.

In terms of relations with peer social organisations, NGOs are pluralistic in the notion of civil society, while in the corporatist system, SOs are “compulsory and non-

competitive” (Schmitter 1974, pp.93). On the basis of social marketisation, social organisations are competitive in service delivery and contract obtainment. For example, as mentioned in Chapter 3, 92 social organizations applied for venture philanthropy competition in 2008, but only six organisations achieved the contracts.

In terms of the perceived policy influence, organisational autonomy is negatively associated with the influence of SOs on government policy making and policy outcome. Social marketisation is positively related to the influence on both policy making and policy change. Corporatist connections are not statistically significant in estimating the policy change and the perceived policy influence of social organisations (Han 2016b).

Table 6.1: Differences between civil society, corporatism, and social marketisation

	Civil society	Corporatism	Social Marketisation
1. Resource dependence	Private donations/giving	Government funding (grant and subsidies)	Service income (from customers, corporates, and governments)
2. Relationship with the government	Autonomous	Co-opted	Contract-based
3. Relationship with peer social organisations	Pluralistic	Non-competitive	Competitive
4. Perceived policy influence	Negatively associated	Not statistically significant	Positively associated

6.2 Social Marketisation and State Control

As Polanyi (1944) has pointed out that the inculcation of the market logic may advance the political agenda, readers may wonder whether the new tendency of social marketisation facilitates the control from the state on social organisations. To address this issue, this section builds an index of state control, and then analyses the associations between social marketisation and state control.

This research constructs an index of state control by integrating three forms of controls on social organisations: leadership control, financial control, and institutional control.

In the survey, leadership control is measured by three variables: the founding pattern of the organisation, the selection method of the top leader, and the political status and prior work background of the top leader. The related questions in the survey are as follows: “was the founding of your organisation initiated by its members, or a decision from the state or government agencies, or both? How was the top leader of your organisation selected? Was it determined by (1) a supervisory agency, (2) a board of trustees, (3) public recruitment, (4) an election, or (5) other? What is the political status of the top leader of your organisation? (1) Communist Party member, (2) non-communist Party member, or (3) no Party affiliation or the masses? What is the prior work experience of the top leader of your organisation? (1) Government, (2) corporation, (3) public service agency, (4) social organisation, or (5) other?”

In terms of the financial control, the survey asked the NGO leaders to clarify the

precise proportions of the following income sources in the overall revenue of the organisation in the past financial year: (1) government funding, (2) donations, (3) membership fees, (4) service revenue, and (5) other income.

Institutional control is measured by five questions: (1) whether the organisation has established CCP organisations or branches, (2) whether the organisation has established government-funded positions, (3) whether the supervisory agency of the organisation has provided office space and subsidies, (4) whether the supervisory agency has appointed officials or managers, and (5) whether the supervisory agency audits the financial documents of the organisation.

Based on the three dimensions of measurements, the index of state control is constructed by integrating the 11 questions above. Specifically, it combines the number of responses which are coded as one to the following questions: (1) whether the organisation was founded top-down (yes=1), (2) whether the top leader of the social organisation was appointed by the supervisory agency (yes=1), (3) whether or not the top leader is a CCP member (yes=1), (4) whether or not the prior work background of the top leader is the government (yes=1), (5) whether the income from the government is higher than 50% (yes=1), (6) whether or not the organisation has established a Party organisation or branch (yes=1), (7) whether or not the organisation has government-funded positions (yes=1), (8) whether or not the organisation has received office space provided by the government (yes=1), (9) whether or not the organisation receives subsidies from the state (yes=1), (10) whether or not the organisation has managers appointed by the state (yes=1), and (11) whether or not the

financial documents are audited by the state (yes=1). In doing so, an index of state control is created, ranging from 0 to 11. A higher score means a higher level of state control on the social organisation.

The regression analyses show that the two key indicators of social marketisation (social entrepreneurship and achieving government contracts) are not statistically significant in estimating the extent of state control, and organisational autonomy has a negative relationship with the influence of SOs on government policy making and policy outcome (Han 2016b). In other words, when other factors are equal, social marketisation does not significantly increase the state control on social organisations.

6.3 Social Marketisation and Bargained Authoritarianism

Social marketisation, particularly government procurement of NGO services, is distinct from bargained authoritarianism (Lee and Zhang 2013) or the commodifying governance approach of the state (Lee 2014). Three major differences can be identified.

Firstly, the definitions and subjects of social marketisation and bargained authoritarianism are different. Social marketisation means that social organisations draw on entrepreneurial and marketised strategies to address social problems and affect government policies. Commodifying approach or bargained authoritarianism conceptualises the phenomena of how local governments in China absorb popular protests and social unrest. Social marketisation is on the relations between social

organisations and the government, while bargained authoritarianism is about the relations between social protest and the local government. Social organisations are not protests, and social marketisation is thus not bargained authoritarianism.

Secondly, the meaning of “marketisation” is different in the two conceptualisations. In the process of social marketisation, social organisations are using market-based strategies, including social entrepreneurship and bidding for government contracts of procurement, to promote the social and policy changes. In bargained authoritarianism, the local governments “dish out money and buy off” protesters to relieve social discontents. In the model of social marketisation, government procurement of services from social organisations is not to “buy off” discontents, but to support SOs in addressing social problems and meeting social demands. Government procurement of services is a formal and competitive procedure, while money-based absorption of protests is informal and non-competitive.

Finally, social marketisation, particularly social entrepreneurship, is using commercial and marketised strategies to address the root causes of social problems in order to create favourable social and policy changes, while bargained authoritarianism is mainly stifling protests in order to maintain social stability. As shown in the two case studies, NPI and CFC devised innovative strategies to address the roots causes of specific social problems (survival difficulties of NGOs, lack of transparency of foundations, and malnutrition of rural children). When they made differences to these problems, they can in the end promote the policy changes. In the bargained authoritarianism, some local governments, however, do not address the underlying

social problems, instead they just use money to stifle discontents. Therefore, social marketisation is essentially different from bargained authoritarianism at this point.

Social marketisation is not the same as Public-Private Partnership (PPP) either. In terms of the definition from World Bank, “PPPs are typically medium to long term arrangements between the public and private sectors whereby some of the service obligations of the public sector are provided by the private sector, with clear agreement on shared objectives for delivery of public infrastructure and/or public services. PPPs typically do not include service contracts or turnkey construction contracts, which are categorized as public procurement projects, or the privatization of utilities where there is a limited ongoing role for the public sector”.⁶⁵ PPPs are frequently utilised in infrastructure constructions and public services (water, electricity, road, etc.), while social marketisation is taking place in the social sector and social services. PPPs are collaborations between government agencies and private enterprises, while social marketisation occurs between government agencies and social organisations or social enterprises. In this sense, social marketisation is in fact “public-social partnership” instead of “public-private partnership”.⁶⁶ These are two differences between social marketisation and PPP.

In the “bargained authoritarianism”, the local governments use money to “buy off” protesters to relieve social discontents. This situation raises a more general question: **can government funding suppress political activities of SOs, or does it in**

⁶⁵ See the webpage: “What are Public Private Partnerships?”, <http://ppp.worldbank.org/public-private-partnership/overview/what-are-public-private-partnerships>. Last accessed on 2 April 2017.

⁶⁶ Likewise, social marketisation is not neoliberalism. Neoliberalism is related to privatization, deregulation, and reductions of government spending in the private sector. Social marketisation refers to the change in the social sector.

fact promote political activities of SOs? What is the impact of government

funding on advocacy activities of SOs in China? Lots of existing studies have examined this important question, but no consensus has been reached. There are three competing arguments.

The first group of researchers asserts a positive association between government funding and policy advocacy of social organisations (Berry and Arons 2003, Chaves, Stephens and Galaskiewicz 2004, Donaldson 2007, Jenkins 2006, Leech 2006, Mosley 2011). For example, Berry and Arons (2003) observe that “26% of executive directors whose organisations receive funding from the government participate at high levels in policy or planning groups with government officials, putting directors not only in close contact with official decision-makers, but often also in a position to influence those officials” (Almog-Bar and Schmid 2014, p.18). Salamon (2002) finds that government funding stimulates nonprofit advocacy activities, rather than retard them. Mosley (2011) shows that a growing reliance on government funding in human service organisations encourage the use of insider tactics of advocacy. Chaves, Stephens and Galaskiewicz (2004) also conclude that government funding does not suppress nonprofit political activities.

The second group of research reveals a negative relationship between the dependence on government funding and advocacy activities of social organisations (Bass et al. 2007, Guo and Saxton 2010, Schmid, Bar and Nirel 2008). For instance, Schmid, Bar and Nirel (2008) find that the more dependent on the funding from local authorities, the lower level of engaging in advocacy and political activities. Guo and

Saxton (2010) observe that the scope and intensity of nonprofit advocacy tend to decrease with the growth in government funding. Smith and Lipsky (1993) reveal that government contracting dampens the willingness of nonprofits to undertake advocacy and refrains them from engaging in controversial advocacy. The explanation for this negative relationship between government funding and advocacy is often summarised as “do not bite the hand that feeds them” (Donaldson 2008, Gormley and Cymrot 2006, Leech 2006, Schmid, Bar and Nirel 2008). Social organisations conform to the government to ensure the steady flow of resources, and are reluctant to engage in advocacy which may endanger the resource stability or even their survival (Almog-Bar and Schmid 2014, DiMaggio and Powell 1983, Meyer and Rowan 1977, Pfeffer and Salanick 1978).

The final group of studies have found no effect of government funding on advocacy activities of SOs (Child and Grønbjerg 2007, Leech 2006, Neumayr, Schneider and Meyer 2015, Suárez 2009). For example, Neumayr, Schneider and Meyer (2015) assert receiving government funding of nonprofits shows no relationship to the advocacy activities, measured by the proportion of total working hours (voluntary as well as paid) devoted to advocacy and the perceived importance of advocacy on a 5-point Likert-type scale ranging from 1 (not important) to 5 (very important). Suárez (2009) interviews 200 nonprofit executive directors and shows that government funding (grants or contracts) are not statistically significant in explaining advocacy and civic engage of nonprofits on the internet. Based on a survey of Indiana nonprofit organisations and a series of logistic regression analyses, Child and

Grønbjerg (2007) indicate that government funding is unrelated to the participation in advocacy, or has a slightly positive relationship with the advocacy of organisations that receive more than half of their funding from the government. Leech (2006) uses survey data on more than 700 Washington-based organisations, and shows that “for the most part, organisations receiving federal grants and contracts lobby no more frequently than similar organisations that do not receive such benefits”, except contacting federal agencies slightly more often.

In the Chinese context, the latest research on 267 environmental NGOs (ENGOS) in China also finds that “ENGOS with more government funding are likely to invest more in advocacy” (p.11), and claims that government funding does not suppress advocacy activities of ENGOS in China” (Li, Wing-Hung Lo and Tang 2016).

The finding does not mean that the theory of bargained authoritarianism is incorrect or wrong. They are in fact referring to different things. Bargained authoritarianism conceptualises how local governments absorb social protest, while social marketisation is about how social organisations use marketised strategies to create social and policy changes.

6.4 Two New Laws and Social Marketisation

In China, the legal and regulatory environment of social organisations is changing fast in recent years. On 16 March 2016, the Charity Law of the People’s Republic of China was passed by the 12th National People’s Congress (NPC 2016b). This Law

has come into force since 1 September 2016. As the first law for the China's social and philanthropic sector, it clarifies definitions of charitable causes and activities, and provides detailed regulations on ten aspects of charitable or social organisations (organisation forms, fund-raising, donations, trusts, assets, services, disclosure of information, promotional measures, supervision and management).

On 28 April 2016, the People's Republic of China's Law on the Management of the Activities of Overseas NGOs within Mainland China was also approved by the Standing Committee of the National People's Congress. This law will come into force on the 1st January 2017. It has clarified the registration process and regulations on every aspect of activities of foreign NGOs in the Mainland China (NPC 2016a). In terms of this law, on the one hand, China has established procedures for foreign NGOs to register and undertake activities legally in China. On the other hand, this law has transferred the responsibility of registration and supervision of foreign NGOs from the Ministry of Civil Affairs to the Ministry of Public Security, and requires overseas NGOs to have a supervisory agency to undertake activities in China.⁶⁷

The two laws have attracted wide attention within and outside China. Based on the analyses of the full texts of the two laws, this research assesses the potential impact of the two new laws on the tendency of social marketisation as neutral or positive.

Reading through the full text of the Charity Law, no sentences mentioned social

⁶⁷ On 14 October 2016, the Ministry of Public Security further announced the draft "Guidelines for the Registration and Temporary Activities of Representative Offices of Overseas Non-Governmental Organizations within the Territory of China (for comment)" to provide more detailed information on procedures and documents required for registration, filing, and other issues. News source: http://news.xinhuanet.com/legal/2016-10/14/c_1119721678.htm. Last accessed on 2 April 2017.

enterprise or social entrepreneurship, but it has two articles on government procurement. In the Chapter 9 (“promotional measures”) of the law, Article 87 encourages the governments to “support eligible charitable organisations in providing social services through purchasing their services and other methods, and make the relevant details public”. Charitable organisations, in terms of Article 8 of the Charity Law, refer to (formerly used) social organisations, including foundations, social associations, and social service providers (or previously nonprofit organisations). Article 70 of the Charity Law stipulates that “civil affairs departments and other relevant departments of the people’s governments at the county level or above shall ensure the timely disclosure of the following information: ... (6) Information regarding purchasing services from charitable organisations”. Therefore, in terms of the two articles, one may expect that the enactment of the Charity Law will enhance the development of government procurement of purchasing services from social organisations.

The Law on the Management of the Activities of Overseas NGOs within Mainland China has raised lots of attention or worries, because it shifts the supervising and managing responsibility from civil affairs departments to the public security departments. In contrast with the popular opinion in the media that this law will repress or crackdown foreign NGOs in China, this research suggests that the impact of this law on the majority of social organisations, including overseas NGOs, is limited. It also has little influence on the development of SOs in China and the tendency of social marketisation, due to the following reasons.

Firstly, overseas NGOs constitute a small proportion of social organisations in China. According to the official statistics, by the end of 2014, the number of international NGOs (INGOs) registered in China is 516, while the total number of social organisations is 606,048 (MOCA 2015). The proportion of overseas NGOs is therefore only 0.09%. Even including unregistered overseas NGOs, the total number of them was estimated to be 7,000, the proportion is still small, only 1% (People's Daily 2016). Therefore, the overseas NGO law does not affect the overwhelming majority of social organisations in China.

Secondly, Article 3 in the law stipulates “overseas NGOs working in fields such as economy, education, science and technology, culture, health, sports, environmental protection, poverty alleviation, and disaster relief can undertake activities beneficial to the development of the public welfare causes in accordance with this law”. In other words, the nine major issue areas are open to foreign NGOs. The lion’s share of overseas NGOs is in fact not forbidden by the law. What is more, Chapter 7 of the law (supplementary provisions) has further excluded foreign schools, hospitals, research institutes, and academic exchanges and collaborations from the scope of this law. Therefore, based on the text analysis, the activities of the majority of foreign NGOs are not affected by this law, although the law may tighten the control on a small number of overseas NGOs that may endanger China’s national security and public interests.

Finally, the implementation of this law may do not lead to the consequence that overseas NGOs are crowded out in China. As pointed out in a recent research by Hsu

and Teets (2016), Yunnan has adopted similar regulations on overseas NGOs since 2010, but it did not result in the “elimination or diminishment of overseas NGOs” in the subsequent years.

In terms of the impact of this law on social marketisation, there are no articles or sentences in the law on social entrepreneurship and government procurement of NGO services.

6.5 Conclusion

This chapter is an extended discussion on social marketisation and its relations with other significant theoretical and practical issues.

Firstly, this chapter distinguishes social marketisation from civil society and corporatism in terms of four criteria: (1) resource dependence, (2) relationship with the government, (3) relationship with other social organisations, and (4) the perceived policy influence. The most important characteristics of social marketisation is that SOs rely on service income, interact with the government based on contracts, competitive with peer SOs in service delivery and contract obtainment, and have a positive influence on government policies.

Secondly, this chapter has constructed an index measuring the degree of state control on SOs by integrating 11 indicators, and analyses the associations between social marketisation and state control. After controlling for other factors, the two indicators of social marketisation, social entrepreneurship and achieving government

contracts, are not statistically significant. This means that, when other factors are equal, social marketisation does not significantly increase the state control on social organisations in China.

Thirdly, this chapter clarifies three major differences between social marketisation and bargained authoritarianism. In the bargained authoritarianism, the local governments use money to “buy off” protesters to relieve social discontents. This situation raises a more general question: can government funding suppress political activities of SOs, or does it promote political activities of SOs? This research finds a slightly positive relation between the proportions of government funding and advocacy activities of social organisations. In other words, government funding slightly increase the advocacy activities of SOs, rather than stifle them.

Finally, this chapter presents all relevant articles and texts in the China Charity Law and the Law on the Management of the Activities of Overseas NGOs within Mainland China. The text analyses have assessed the potential impact of the two laws on the tendency of social marketisation as positive or neutral.

Chapter 7: Conclusion

7.1 Summary of Findings

In the past three decades, social organisations (SOs) or registered non-governmental organisations (NGOs) have proliferated in China. Existing studies on social organisations and SO-government relations focus either on how the government affects SOs, whether by control, co-optation, consultation, or collaboration, or on how NGOs survive or adapt in the authoritarian context. Yet, what kinds of social organisations are more likely to succeed in promoting policy change from the government, and how and why they can promote policy change remains significantly under-examined.

This research finds that the new tendency of social marketisation - social entrepreneurship and government procurement of services from SOs - can empower social organisations to succeed in promoting policy change from the government. When other factors are equal, social organisations that have transformed into social enterprises or have achieved government contracts for purchasing services have a higher likelihood of success in promoting policy and have a higher level of influence on government policy making.

Admittedly, the questionnaire of Chinese surveys has its limitations. For example, the question measuring policy change seems vague, and the two dependent variables are measured by self-perception and self-report of social organisations. However, the

questions have their usefulness, no matter how little, in measuring the policy change promoted by SOs and the policy influence of SOs. The data is still useful in confirming the positive relationship between social marketisation and policy change. Nevertheless, no other surveys asked such questions and gathered so many valid responses before. Furthermore, the limitations of these questions in the survey have been extended by two case studies.

How and why can some social organisations use entrepreneurial and marketised strategies to promote policy change in China? This thesis has undertaken two in-depth case studies on Nonprofit Incubator (NPI) and China Foundation Centre (CFC) to reveal the process and the underlying mechanism.

NPI was founded in 2006 to address two social problems faced by grassroots SOs: resource scarcity and difficulty in legal registration. NPI has devised and conducted two professional services – nonprofit incubation and venture philanthropy - to address the two pressing issues, and has successfully sold these services to private and foreign foundations. It has also achieved government contracts for purchasing its services.

As a typical support organisation, NPI has channelled resources from private foundations and corporations to relieve the resource scarcity of operational SOs. NPI has also empowered operational SOs to register and bid for government procurement of services. In this way, NPI has established social organisation chains among four general types of SOs (operational, support, financial and infrastructure organisations). After establishing social organisation chains, NPI has promoted the positive social

change – the survival difficulties of incubated SOs have been relieved. Based on the evidence of the positive social change, NPI has facilitated the local and central government to enact three new policies in the field of nonprofit support (nonprofit incubation, venture philanthropy competition, and national charity exhibition).

CFC was founded in 2010 to address the common issue in the foundation sector - the lack of transparency. CFC devised and ran a real-time transparency ranking system - the Foundation Transparency Index (FTI) – to enhance the visibility and transparency of foundations in China. It further developed an online platform for specialised information disclosure to visualize donations from foundations and the general public to rural children with malnutrition. By establishing inside and outside social organisation chains, CFC has created positive social changes – the transparency of the foundation sector has been improved, and the malnutrition of rural children has been relieved.

Social change promoted policy change. Local governments started to disclosure foundation information through third-party organisations such as CFC to the public. The central government has allocated 16 billion CNY to provide free lunches to 26 million school students in 592 rural counties.

Reviewing the two cases, the process of policy change can be summarised as follows: social marketisation (social enterprise and government purchase of service) → social organisation chains → social change → policy change.

When social organisations develop their professional services to solve social problems or meet social demands, the marketisation process starts. When the income

from service provision exceeds the half of the revenue, SOs become social enterprises. Bidding for government contracts for purchasing services also plays a great role in the social marketisation process. To achieve government contracts, SOs have to demonstrate that they are able to address social issue effectively. To address social issues effectively, they have to be, on the one hand, professional in their division of labour, and on the other hand they have to collaborate with other types of SOs. When collaborations are established among four types of SOs, social organisation chains have been constructed. When SOC set up, SOs can address social issues more effectively, as they are equipped with expertise, technical and financial support, and institutional infrastructure. When SOs address social issues effectively, they have made a difference to social issues, and thus created social change. With the evidence of social change that they created or promoted, they can convince the government to make relevant changes in their policies by adopting or scaling up their solutions. In this process, the formation of social organisation chains in the process of social marketisation plays a critical role in promoting policy change.

A significant context driving the tendency of social marketisation since the 2000s is the incremental change of the state's attitudes and strategies towards social organisations in China. The Chinese state has been re-regulating the social organisation sector and changing institutional environments affecting the survival and development of social organisations. The state has acquiesced, accepted, supported, and even encouraged the emergence and development of social marketisation including social enterprise and government procurement of services from SOs. This is

in part because China faces unprecedented social problems arising from demographic change, rapid urbanisation and uneven development, while state capacity and resources are insufficient to address these social issues. Simultaneously, the state is unwilling or unable to relinquish control on social organisations. Consequently, social marketisation on the one hand can strengthen the social organisation sector, and on the other hand extend the reach and collaborations of the state with social organisations.

This thesis further summarises three models of how local governments re-regulate the social organisation sector, through the lens of social organisation chains. Beijing is a top-down model. It initiates and strengthens infrastructure and financial organisations, through top-down reforming and transforming mass organisations and SAs. Shanghai is a platform-led model. It is the first city to establish the middle segmentation of social organisation chains among social organisations, by fostering and developing social incubators and institutional platforms. Shenzhen is a bottom-up model. It enhances the role of operational organisations in meeting social demands and solving social problems, by changing regulations to open direct registration for grassroots social organisations. Social organisation chains are not only useful in explaining the two cases (NPI and CFC), but also useful in examining the strategies of local states in re-regulating SOs, and understanding the wider ecosystem of SOs in China.

Finally, this thesis has discussed the relations between social marketisation and other significant theoretical and practical issues. This research has distinguished social marketisation from civil society and corporatism. It further finds that when

other factors are equal, social marketisation does not significantly increase the state control on social organisations. In fact, government funding has a slightly positive impact on increasing advocacy activities of SOs. This research also assessed the potential impact of China Charity Law and draft Overseas NGO Management Law on the tendency of social marketisation, and the development of social organisations in China.

7.2 Contributions and Limitations

This research has three major contributions and two limitations.

First and foremost, this research finds a positive relationship between social marketisation and policy change in China. Although existing studies have shed lights on social entrepreneurship and government procurement emerging in China, little research has linked the two new phenomena to the policy change promoted by social organisations. This research fills this gap, and finds that social marketisation can empower SOs to achieve policy change. This is the core argument of the thesis. This is the value the thesis added to the literature.

Social marketisation conceptualises the latest evolution of social organisations in China, including social entrepreneurship and government procurement of SO services. This research has empirically shown that social entrepreneurship and government procurement of NGO services can improve the chance of social organisations in promoting policy changes and enhance the influence of SOs on government policy

making. When SOs draw on entrepreneurial and marketised strategies to address social issues, they are more likely to create positive social changes. Social changes can inspire or pressure the government to make relevant policy changes. This process is clearly reflected in the cases such as NPI and CFC.

Secondly, this research has revealed the underlying mechanism of promoting policy changes by social organisations. It is the formation of social organisation chains (SOCs) in the process of social marketisation. SOs can use entrepreneurial and marketised strategies to address social issues. In the process of delivering professional services and achieving government contracts, front-line operating SOs have established collaborations with support organisations, financial organisations, and infrastructure organisations. When SOCs are established, SOs can address social issues more effectively, as they are equipped with expertise, technical support, financial resources, and institutional infrastructure. Thus, they are more likely to promote positive social changes. With the evidence of social changes or social impact, social organisations can encourage the government to make relevant policy changes. Underlying the process, the formation of social organisation chains is of critical importance.

This study proposes the concept, social organisation chain, as an inclusive typology of social organisations in China. It has combined isolated organisational forms and overlooked organisational types, particularly support and financial organisations, into a coherent continuum. SOC can provide a valuable guidance in examining the ecosystems of social organisations in China, such as the investigations

on SOs in Beijing, Shanghai, and Shenzhen, as shown in Chapter 5.

Finally, the findings of this research have profound implications for the development of civil society in China. In contrast with the research claiming that the marketisation of the nonprofit sector threatens civil society in the United States (Eikenberry and Kluver 2004, Eikenberry 2009, Nickel and Eikenberry 2009), the findings of this research suggest that social marketisation can enhance the development of civil society in China, through incremental social and policy changes.

For NGOs in developed or democratic countries, fighting for independence, reducing state control, and balancing state power have paved the way to establish a mature civil society. Yet, this antagonistic pathway may not be much effective in the Chinese context due to historical and cultural reasons. However, social marketisation can provide an alternative way for social organisations to build an active civil society. If social organisations can use entrepreneurial and marketised strategies to address social issues, collaborate with other SOs to establish social organisation chains, and then create social changes, they are still able to change government policies and make the state accountable. This is a soft, lengthy, but probably more feasible way to construct a mature civil society in China. Social organisations are not necessarily passive victims. They can be agents of change.

This research has two limitations. Firstly, the positive relationship between social marketisation and policy change does not equal to a causal relationship. Also, the finding may not apply to all sorts of social organisations. In particular, it does not apply to social movement organisations (e.g. petitions, protests, demonstrations, sit-

ins, etc.). Social marketisation is more applicable to service-oriented social organisations.

Secondly, the data used in this research are primarily from the eastern and developed regions of China, including Beijing, Shanghai, Guangdong, Zhejiang and Heilongjiang. SOs in the western regions are not reflected in the survey and cases, due to the difficulties in obtaining the data. Social organisations registered at the national level are not encompassed in the research either. In the future, when new and more comprehensive data are available, this research could be updated.

7.3 Future Research Directions

To advance this research, there are three research directions to pursue in the future. The first research direction is to compare the development of social incubators, hubs, and labs between China and UK, for example, Nonprofit Incubator in Shanghai and Impact Hub in London.

In recent years, different types of social innovation hubs, labs, incubators, makerspaces and accelerators emerge across the globe. The emerging phenomena have attracted growing scholarly attention. Toivonen (2016) has conceptualised these collaborative organisations as “social innovation community”. Toivonen and Friederici (2015) summarise four core features of hub organisations: (1) collaborative communities with entrepreneurial individuals, (2) diverse members with heterogeneous knowledge, (3) creativity and collaboration in physical and digital

space, and (4) localisation of global entrepreneurial culture. Gryszkiewicz, Lykourantzou and Toivonen (2016) also shed light on “innovation labs” and find that these labs apply the principle of openness throughout the innovation process, from experimentation to development phases.

Can the framework of “social innovation community” be applied to compare the emergence and diffusion of social incubators and innovation hubs in China and UK? Are these social incubators, hubs and labs more capable and effective to address complex social problems than other organisational forms? What are their impacts on relevant government policies? These are interesting questions worth exploring in the future.

Secondly, I would like to compare the evolution of social entrepreneurship (SE) and relevant government policies on SE between China and UK. The United Kingdom is the global leader in social entrepreneurship, social investment, and social innovation. Social marketisation in the UK has developed much earlier and much more maturely than China.

In the past twenty years, UK has made many policy innovations in incubating social enterprises and fostering social investments. In 2001, the Department of Trade and Industry (DTI) set up a Social Enterprise Unit to provide government support for social enterprises. This unit was then incorporated into the Office for the Third Sector (OTS) in 2006, which was re-titled as the Office for Civil Society in the Cabinet Office in 2010 (Hall, Alcock and Millar 2012). In 2002, the national umbrella body, Social Enterprise UK, has been established. In 2005, the Community Interest

Company (CIC) was set up as a new legal category for the registration of social enterprises in the UK. In 2009, the Department of Health established the Social Enterprise Investment Fund (SEIF) to assist social enterprises in delivering health and social care services. In 2010, all major parties in the UK announced support for the development of social enterprises. After the General election 2010, Prime Minister David Cameron launched the “Big Society” scheme, one of its core strategies is to enhance the role of charities, social enterprises and voluntary organisations in addressing social problems and meeting social demands. In 2011, the world’s first Social Impact Bond appeared in Britain. In 2012, Big Society Capital was launched in London. In 2013, Social Value Act was promulgated, Social Stock Exchange was founded, and G8 Social Investment Task Force was set up. Along with the development of these new policies and the establishment of new institutions, the amount of social investment on social enterprises and charities is estimated to have increased from £165 million in 2010 to more than £1 billion by 2016 (Bell and Haugh 2015) in the UK.

What is the logic behind the rapid policy changes in the UK? How can these policies inform China’s ongoing reform in the social organisation sector? What kinds of policies are more applicable in China? Can China follow suit? Are there any similarities or differences in the process of social marketisation between UK and China? What can China learn from these policies on social investment and social innovation in the UK? These are scholarly interesting and practically important questions.

The final research direction could be the investigation on the role of international non-governmental organisations (INGOs) in supporting the development of social enterprises and civil society in China. Some INGOs have played a significant role in assisting Chinese social organisations in developing SE models and addressing complex social and environmental problems.

A prominent case is British Council. British Council is one of the earliest INGOs entering China, and it is the earliest and the most renowned global institution with the mission to promote social entrepreneurship not only in China but also around the world. British Council (BC) opened its first office in China in 1943 in Chongqing by Joseph Needham. At present, British Council has offices in four cities in mainland China (Beijing, Shanghai, Guangzhou and Chongqing). In 2009, British Council has set up a social enterprise programme, providing NGOs and community leaders with skill training, mentoring and access to UK expertise in social entrepreneurship and social innovation. Since then, British Council has trained more than 2,900 Chinese social entrepreneurs, and has provided more than 2.9 million pounds to 91 social enterprises, raised from social investment agencies in China.⁶⁸ In 2013, British Council launched the Social Investment Platform, providing training and funding to Chinese social enterprises. In 2013 and 2014, this platform has offered a total of RMB 19 million to 33 social enterprises. In 2015, the Social Investment Platform has further increased the amount of social investment by partnering with more domestic

⁶⁸ Data source: the website of Social Enterprise Programme of British Council: <https://www.britishcouncil.cn/programmes/society/index>. Last accessed on 11 April 2017.

social investors.⁶⁹ On 7-9 November 2013, I participated in the 3-day training workshop organised by the social investment platform of British Council in Beijing. I also met some representatives of British Council in an event to welcome the head of Government Innovation Group of UK Cabinet Office on 1 December 2013.

To what extent have BC promoted the growth of social enterprises and civil society in China? How do BC contribute to build a market of social enterprises and social investments in China? How can the Law on the Management of the Activities of Overseas NGOs within Mainland China support and realise the full potential of INGOs in promoting social progress in China, or hinder the development of INGOs in China? These are interesting questions that could be addressed in the future.

⁶⁹ Data Source: the website of Social Investment Platform of British Council: <https://www.britishcouncil.cn/programmes/society/index>. Last accessed on 11 April 2017.

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Appendix A: Relevant questions in CSOS

Note: The full questionnaire of CSOS has been published in the book:

Tsujinaka, Yutaka, ed. 2016. *Chinese Social Organizations and Local Governance: Comparative Perspectives (in Chinese)*. Beijing: Social Sciences Academic Press, page 227-251.

A1. 贵组织是在哪一级民政部门登记注册的？

A1. Which administrative level of Civil Affairs department was your organisation registered with?

1. 省 Provincial level 2. 市 City level 3. 区/县 District/County level

A2. 贵组织是在_____年成立的？

A2. Your organisation was established in the year of _____.

A3. 贵组织具有以下哪种法人资格？

A3. Which category of legal status does your organisation have?

1. 社会团体 Social Association 2. 基金会 Foundation 3. 民办非企业单位 Nonprofit Organisation

A5. 贵组织当初发起成立时，主要是根据会员的自发要求还是来自组织的决定？

A5. Was the foundation of your organisation initiated by its members or decision from the state or government organisations?

- | | | |
|--|----------------------------|---------|
| 1. 自发成立 | 2. 组织决定 | 3. 二者兼有 |
| 1. Spontaneous initiation from members | 2. Decision from the state | 3. Both |

A7. 贵团体的活动领域主要涉及下列哪一种行业？（限选一种）

A7. What is the issue areas of your organisations? (Single choice)

- | | |
|-------------|-----------------------------------|
| 1. 科技与研究 | science and technology |
| 2. 教育 | education |
| 3. 社会服务 | social service |
| 4. 体育 | sports |
| 5. 工商业服务 | business support |
| 6. 农业及农村发展 | agriculture and rural development |
| 7. 国际及涉外组织 | international affairs |
| 8. 生态环境 | environment |
| 9. 卫生 | health |
| 10. 文化 | culture |
| 11. 法律和法律援助 | law and legal aid |
| 12. 宗教 | religion |
| 13. 专业及行业组织 | industry and profession |
| 14. 其他 | other |

A8. 贵组织是否拥有政府批准的编制？

A8. Does your organisation have the government-sponsored positions?

有 Yes 没有 No

A12. 贵组织现有日常工作机构（包括秘书长、办公室及各职能部门）拥有全职人员和兼职人员各多少人？（没有的请填写“0”）

A12. In your organisation’s routine working units (including secretariat, offices and all functional departments), how many full-time and part-time staff are there, respectively? (Please write down ‘0’ if there is none.)

全职工作人员 _____人 Full-time staff _____

兼职工作人员 _____人 Part-time staff _____

A14. 请依据下表第一列各个选项中数码所代表的含义，将代表贵组织现任主要领导成员（会长和秘书长）的基本情况数值填写在右边列中。

A14. In the first left column of the following chart, each number represents a value to a specific characteristic. Please fill in the blanks in the right column with the corresponding number to characterize your organisation’s top leaders.

年 龄 （ 1.40 岁以下 2.41-60 岁 3.61 岁以上）	
性 别 （ 1.男 2.女）	
学 历 （ 1.高中以下 2.大专以上）	
政治面貌 （ 1.中共党员 2.民主党派 3.群众 ）	

来本机构前工作的单位类型 (1. 政府 2.企业 3.事业单位 4.社会组织 5.其他)	
曾任的最高行政级别 (1. 科级以下 2. 处级 3.司局级 4.部级以上)	

Age (1. ≤ 40 2. 41 - 60 3. ≥61)	
Sex (1. Male 2. Female)	
Degree (1. High school diploma or lower 2. College degree or higher)	
Political status (1. CCP member 2. Democratic Party member 3. no Party affiliation / the masses)	
Previous posts before taking up current position (1. Government 2. Corporation 3. Public service agency 4. Social organisation 5. Other)	
Highest administrative level achieved (1. Section-head level or lower 2. Division-head level 3. Bureau-director level 4. Ministerial level or higher)	

A15. 贵组织的会长是通过下列哪一方式产生的？

A15. How was the top leader of your organisation selected? Determined by

1. 业务主管部门推荐 1. Supervisory agency
2. 理事会协商推荐 2. Board of trustees
3. 公开招聘 3. Public recruitment

apply

- | | |
|--|---|
| 1. 财政政策 | 12. 治安政策 |
| 1. Fiscal policy | 12. Security policy |
| 2. 金融政策 | 13. 司法政策 |
| 2. Financial policy | 13. Judicial policy |
| 3. 贸易政策 | 14. 地方性政策 |
| 3. Trade policy | 14. Local policy |
| 4. 行业的产业发展政策 | 15. 劳动政策 |
| 4. Industrial development policy | 15. Labour policy |
| 5. 土木、建设、公共事业政策 | 16. 农业、林业、水产政策 |
| 5. Civil construction and public utility | 16. Agricultural, forestry, and aqua-cultural |
| policy | policy |
| 6. 运输、交通政策 | 17. 消费者政策 |
| 6. Transport and traffic policy | 17. Consumer policy |
| 7. 通信、信息政策 | 18. 环境政策 |
| 7. Communication and information policy | 18. Environmental policy |
| 8. 科学技术政策 | 19. 民政、福利、医疗政策 |
| 8. Science and technology policy | 19. Civil affairs, well-being and medical |
| | policy |
| 9. 地区发展政策 | 20. 国际交流、援助政策 |
| 9. Local development policy | 20. International exchange and aid policy |
| 10. 外交政策 | 21. 文教、学术、体育政策 |

10. Foreign policy

21. Cultural, educational, academic and sports policy

11. 国防政策

22. 其他,请注明_____

11. National defence policy

22. Other (please specify) _____

C2. 2009 年，贵组织是否曾经采取过以下行为向政府提出政策建议？如果没采取过，请在次数一列中填写“0”；如采取过，请写出 2009 年一年采取这些行为的总次数

C2. In 2009, did your organisation undertake any of the following actions to influence government policies or behaviours? If yes, please write down the number of each of them.

倡导行动	2009 年 实施次数
a. 参加政府组织的座谈会	
b. 提交调查报告或政策建议报告	
c. 给政府官员打电话，写信（包括发电子邮件）	
d. 发动会员给政府机关写信、打电话等	
e. 通过私人关系向政府提建议	
f. 向新闻界反映情况，召开记者招待会，在媒体上发表文章	
g. 与其他团体联合，共同行动	
h. 通过司法途径解决问题	
i. 上访，请愿或静坐	
j. 召开群众集会，争取群众支持	

Measures to advocate	No. taken in 2009
a. Attending symposiums organised by the government	
b. Submitting research reports or policy proposals to government agencies	
c. Making telephone calls or writing letters (including emails) to government agencies or officials	
d. Mobilizing organisational members, constituents, or the public to contact government agencies or officials, in order to support or oppose one specific policy or issue	
e. Using personal connections, ties, or guanxi to make suggestions or comments to government officials or staffs	
f. Declaring the stance or the opinion of the organisation through press conferences or other forms of media release.	
g. Forming coalitions with other organisations to initiate joint actions	
h. Seeking solutions and influences through judicial or legal process	
i. Petitions, protests, demonstrations, and sit-ins	
j. Organising rallies in the public sphere to achieve mass support	

C3. 当贵组织需要向政府反映某种意见时，是否会选择在某些时机提出意见？

C3. When your organisation needs to feedback comments to the government, does it choose to

use certain opportunities or circumstances to do so?

是

2. 否

1. Yes

2. No

C8. 在过去的五年中，贵组织是否曾成功地促使或阻止中央或地方政府出台或实施某项政策或方针？

C8. In the past five years, has your organisation successfully facilitated the enactment or impeded the implementation of one specific policy from the central or local governments in the past five years?

1 是 1 Yes

2 否 2 No

C17.总体来看，在贵社团活动的地区内，贵组织对政府决策的影响力如何？

C17.Overall, how much influence does your organisation have in the process of government policy making in the geographic area where your organisation operates?

(1) 完全没影响 (2) 不太强 (3) 强 (4) 比较强 (5) 非常强 (6) 说不清楚

(1) No influence, (2) not strong, (3) strong, (4) fairly strong, (5) very strong (6) no answers

D1. 贵组织的办公场所的产权状况属于下列哪一类型？

D1. Which of the following types of housing property does your organisation's premise belong to?

1. 自有产权

2. 租用

3. 免费借用

1. Private ownership

2. Rented

3. Free access (to)



a. 借用业务主管单位用房 b. 借用其它政府机关用房 c. 借用社会用房 d. 借用单位会员用房 e. 借用个人会员住宅	a. 租用业务主管单位用房 b. 租用其它政府机关用房 c. 租用社会用房 d. 租用单位会员用房 e. 租用个人会员住宅
---	---

a. Premise of supervisory agency b. Premise of other government organs c. Social housing d. Property of institutional member e. Premise of individual member	a. Premise of supervisory agency b. Premise of other government organs c. Social housing d. Property of institutional member e. Premise of individual member
--	--

D2. 2009 年，贵组织的各部分收入来源合计有_____万元人民币？

D2. In 2009, the total income of your organisation amounts to _____ (in 10,000 RMB).

请将各部分收入来源所占比例填写在下列表格中。没有的请填写“0”。

Please write down the income of different sources in the table below, and put ‘0’ if there was none.

经费来源	2009 年金额数（万元）	2009 年所占比例（%）
a.政府资金		
b.会 费		
c.社会捐助		
d.服务收入		
e.其 它		

Income Sources	Amount in 2009 (in 10,000 RMB)	Proportion of total income in 2009 (%)
a. Government funding		
b. Membership fee		
c. Donation		
d. Service income		
e. Other		

Note: Government funding include grants, subsidies, and contracts from the government.

Donations are income from individual, family or corporate donors. Membership fee is income from members of the organisation. Service income are earned from service provision, trading, investments or other commercial activities. Other income includes funding from overseas.

D11. 在过去的三年（2007-2009）中，贵组织是否曾经获得过政府购买服务的项目委托？

D11. In the past three years (2007-2009), has your organisation ever achieved contracts of government purchasing services?

1. 是 1. Yes 2. 否 2. No

最后，再占用您一点时间，说明一下您本人的基本信息，不会涉及您的个人隐私内容。

Finally, could you please provide some basic information of yourself? The following questions are not related to your privacy.

V1. 您在本社团的职务： 1) 会长 2) 副会长 3) 秘书长 4) 部门负责人

V1. Your position in the organisation: 1) Director 2) Vice director 3) Secretary-general 4)

Departmental head

V2. 您的性别: 1) 男 2) 女

V2. Your sex: 1) Male 2) Female

V3. 您的年龄: _____ 岁

V3. Your age: _____ years old

V4. 您的最高学历: 1) 高中、中专及以下 2) 大专、本科 3) 研究生及以上

V4. Your highest level of education: 1) High school, vocational high school, or lower

2) Associate degree or bachelor's degree

3) Master's degree or higher

V5. 您在该社会组织工作时间: _____ 年

V5. Your working experience in the organisation is _____ years

Appendix B: Interview list and interview outline

The list of 115 interviews in 2009-2014

No	Time (mm/dd/yy)	Chinese Name	English Name	Location	Organisational Type	Field (issue)	Interviewee position
1	05/12/2009	红丹丹教育文化交流中心	Hongdandan education & culture exchange centre	Beijing	Operational organisation	Education and culture (deaf people)	Director
2	05/12/2009	慧灵智障人士服务机构	Huiling community Service Centre	Beijing	Operational organisation	Human rights (learning disability)	Director
3	05/12/2009	汇天羽信息咨询中心	Huitianyu information Centre	Beijing	Operational organisation	Information (disabled people)	Director
4	05/12/2009	星星雨教育研究所	Star Rain education centre	Beijing	Operational organisation	Education and Health (autism)	Director
5	05/14/2009	北京市民政局社团办	Association Management Office, Beijing Civil Affairs Bureau	Beijing	Government organisation	Social management	Vice-head
6	05/14/2009	北京市社会建设办公室	Beijing Office for Social Construction Affairs	Beijing	Government organisation	Social management	Vice-head

7	05/18/2009	中国发展简报	China Development Brief	Beijing	Support organisation	Information (publication)	director
8	05/19/2009	北京东城区民政局	Civil Affairs Bureau, Dongcheng District, Beijing	Beijing	Government organisation	Social Management	Vice-head
9	05/19/2009	东珍纳兰文化传播	Dongjen Centre for Human Rights Education and Action	Beijing	Operational organisation	Human Rights (HIV/AIDS)	Director
10	05/20/2009	佑安医院爱心家园	Home of Love, You An hospital	Beijing	Operational organisation	Health (HIV/AIDS)	Director
11	05/21/2009	北京市文联	Federation of Literary and Art Circles	Beijing	Infrastructure organisation	Culture and arts	Leader
12	05/21/2009	北京红枫妇女热线	Maple Women's psychological counselling Centre	Beijing	Operational organisation	Women rights	Head
13	05/21/2009	北京市京剧昆曲振兴协会	Peking Opera revitalization Association	Beijing	Infrastructure organisation	Culture (opera)	Department head
14	05/25/2009	北京市国际税收研究会办税人员分会	International taxation research institute	Beijing	Infrastructure organisation	Social Science (taxation)	Head
15	05/26/2009	北大--港理工社会工作研究中心	PKU-HKPolyU social work research centre	Beijing	Operational organisation	Social Science (social work)	Professor
16	06/03/2009	北京市志愿者联合会	Beijing Volunteers Association	Beijing	Infrastructure organisation	Youth (volunteerism)	Top leader
17	06/04/2009	北京市律师协会	Beijing Lawyers association	Beijing	Infrastructure organisation	Professional (lawyers)	Top head

18	06/05/2009	北京市残疾人联合会	Beijing Disabled people federation	Beijing	Infrastructure organisation	Disabled people	Vice-head
19	06/08/2009	乐施会北京办公室	Beijing Office, Oxfam	Beijing	Operational organisation	Humanitarian (poverty alleviation)	Department head
20	06/09/2009	北京市青年联合会	Beijing Youth Federation	Beijing	Infrastructure organisation	Youth	Director
21	06/09/2009	北京市烹调协会	Beijing Cuisine Association	Beijing	Infrastructure organisation	Culture (cuisine)	Head
22	06/12/2009	北京市社会科学联合会	Beijing Social Sciences Association	Beijing	Infrastructure organisation	Social Science	Head
23	06/12/2009	北京爱知行研究所	Love Knowledge Action	Beijing	Operational organisation	HIV/AIDS	Director
24	06/13/2009	新运弱智儿童养育院	Fortune training school for children	Beijing	Operational organisation	Learning disability, children	Director
25	06/15/2009	北京外商投资企业协会	Beijing Association of enterprises with foreign investment	Beijing	Infrastructure organisation	Business	Department head
26	06/15/2009	打工妹之家	Migrant Women's Home	Beijing	Operational organisation	Migrant workers	Head
27	06/16/2009	北京市外办	Beijing foreign affair's office	Beijing	Government organisation	Social management	Department head
28	06/17/2009	流动人口教育行动中心	Network for Health & Welfare Studies	Beijing	Operational organisation	Migrant workers	Director

29	06/18/2009	北京市慈善协会	Beijing Charity Association	Beijing	Infrastructure organisation	Charity	Head
30	06/19/2009	中国国际贸易促进委员会北京市分会	China Council for the promotion of international trade, Beijing sub-council	Beijing	Infrastructure organisation	Business	Director
31	06/19/2009	中国民办教育协会	The Chinese Association for Nonprofit Education	Beijing	Infrastructure organisation	Education	Top leader
32	06/23/2009	北京市侨联	Beijing returned overseas Chinese federation	Beijing	Infrastructure organisation	International exchange	Department head
33	06/25/2009	地球村环境教育中心	Earth village environment education centre	Beijing	Operational organisation	Environment protection, community-building	Vice-head
34	06/25/2009	中国全球基金项目国家协调委员会	China coordinating committee for the Global Fund	Beijing	Infrastructure organisation	HIV/AIDS	Department head
35	06/25/2009	北京市农民工法律援助工作站	Beijing Migrant Workers' Legal Aid Centre	Beijing	Operational organisation	Migrant workers	Staff
36	06/25/2009	北京青少年法律援助与研究中心	Beijing youth legal aid and research centre	Beijing	Operational organisation	Youth, legal aid	Head
37	06/25/2009	北京市工商联	Beijing Federation of industry and commerce	Beijing	Infrastructure organisation	Business	Department head
38	06/30/2009	北京民间组织国际交流协会	Beijing NGO Association for international exchange	Beijing	Infrastructure organisation	International exchange	Top head

39	07/06/2009	北京建筑业协会	Beijing construction industry association	Beijing	Infrastructure organisation	Construction industry	Top leader
40	07/07/2009	北京市商业联合会	Beijing chamber of commerce	Beijing	Infrastructure organisation	Business	Top leader
41	07/07/2009	北京市对外友协	Beijing people's association for friendship with foreign countries	Beijing	Infrastructure organisation	International exchange	Vice-head
42	07/08/2009	中国国际民间组织合作促进会	China International association for NGO cooperation	Beijing	Infrastructure organisation	International exchange	Top leader
43	07/29/2009	北京市海外联谊会	Beijing Overseas Friendship Association	Beijing	Infrastructure organisation	International exchange	Department head
44	07/29/2009	北京市科协	Beijing association for science and technology	Beijing	Infrastructure organisation	Science and Technology	Department head
45	08/03/2009	上海市社会团体管理局	Association Management Office, Shanghai Civil Affairs Bureau	Shanghai	Government organisation	Social management	Vice-head
46	08/05/2009	广东省民间组织管理局	Civic organisation Management Office, Guangdong Civil Affairs Bureau	Guangzhou	Government organisation	Social management	Vice-head
47	08/05/2009	佛山市外事侨务局	Foshan foreign and overseas Chinese affairs	Foshan	Government organisation	Social management	Vice-head
48	08/06/2009	深圳市民间组织管理局	Civic organisation Management Office,	Shenzhen	Government organisation	Social management	Vice-head

			Shenzhen Civil Affairs Bureau				
49	08/24/2009	北京红十字会	Beijing Red Cross	Beijing	Infrastructure organisation	Health	Director
50	08/26/2009	云南省生物多样性和传统知识研究会	Centre for Biodiversity and Indigenous Knowledge, Yunnan	Kunming	Operational organisation	Environment and biodiversity	Director
51	08/26/2009	云南生态网络	Yunnan Eco-Network	Kunming	Operational organisation	Environment and biodiversity	Director
52	08/27/2009	云南省外办	Yunnan foreign affairs office	Kunming	Government organisation	Social management	Director
53	08/27/2009	云南省民间组织管理局	Civic organisation Management Office, Yunnan Civil Affairs Bureau	Kunming	Government organisation	Social management	Vice-head
54	09/04/2009	北京市社工委	Beijing Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
55	09/09/2009	北京 8 城区社工委座谈	Beijing 8 districts Social Work Offices	Beijing	Government organisation	Social management	Vice-head
56	09/11/2009	北京通州区社工委	Beijing Tongzhou district Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
57	09/15/2009	北京西城区社工委	Beijing Xicheng district Committee for social affairs	Beijing	Government organisation	Social management	Vice-head

58	09/19/2009	互满爱人与人组织	Human People to People China	Beijing	Operational organisation	Health, HIV/AIDS	Director
59	09/29/2009	北京西城区 NPI	Nonprofit Incubator, Beijing	Beijing	Support organisation	Nonprofit Incubation	Director
60	10/26/2009	北京长安社区、洋桥社区社工委	Beijing Changan, and Yangqiao Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
61	11/09/2009	北京悦群社会工作事务所	Beijing Yuequn Social Worker centre	Beijing	Operational organisation	Social work	Vice-head
62	11/19/2009	朝阳区社工委	Beijing Changyang district Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
63	11/23/2009	同心希望家园	United Heart Home Of Hope	Beijing	Operational organisation	Migrant workers	Vice-head
64	11/24/2009	北京大兴区社工委	Beijing Daxing district Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
65	12/03/2009	北京丰台区长安社区	Beijing Fengtai Committee for social affairs	Beijing	Government organisation	Social management	Vice-head
66	12/15/2009	社区参与行动	Shining Stone Community Action Centre	Beijing	Operational organisation	Community services	Vice-head
67	12/19/2009	上海恩派孵化器	Nonprofit Incubator, Shanghai	Shanghai	Support organisation	Nonprofit Incubation	Director

68	01/29/2010	北京恩派孵化器	Nonprofit Incubator, Beijing	Beijing	Support organisation	Nonprofit Incubation	Director
69	03/22/2013	上海恩派孵化器	NPI-Shanghai	Shanghai, online interview	Support organisation	Nonprofit Incubation	Staff
70	08/21/2013	上海恩派孵化器	NPI-Shanghai	Shanghai, online interview	Support organisation	Nonprofit Incubation	Staff
71	09/16/2013	广东省体制改革研究会	Guangdong Reform Society	Guangzhou	Support organisation	Social Science (Policy Research)	Secretary general
72	09/22/2013	深圳衡平机构	Shenzhen Heng Ping Institute	Shenzhen	Operational organisation	Human rights/Advocacy (for psychosis)	Founder
73	09/23/2013	中国公益 2.0 项目	China Philanthropy 2.0 Project	Shenzhen	Support organisation	Information (big data)	Co-founder
74	09/23/2013	深圳光明新区一家亲社工服务中心	Shenzhen Yijiaqin Social Work Service Centre	Shenzhen	Operational organisation	Social Work	Founder
75	09/24/2013	深圳社联社工服务中心	Shenzhen Shelian Social Work Service Centre	Shenzhen	Operational organisation	Social Work	Manager
76	09/25/2013	中国预算观察	China Budget Watch	Shenzhen	Operational organisation	Public budgeting research	Founder
77	10/10/2013	北京大学政府管理学院	Government School, PKU	Beijing	Support organisation	NGO research	Lecturer

78	10/11/2013	中国社会科学院民间组织研究中心	NGO Research Centre, CASS	Beijing	Support organisation	NGO research	Lecturer
79	10/14/2013	北京大学社会学系	Sociology department, PKU	Beijing	Support organisation	NGO research	Professor
80	10/20/2013	花旦工作室	Hua Dan	Beijing	Operational organisation	Culture (Drama)	Leader
81	10/24/2013	好人好事	Teach for China NPO, Shenzhen	Shenzhen	Operational organisation	Education (for middle school teachers)	Founder
82	10/26/2013	深圳综合发展研究院	China Development Institute (Shenzhen)	Shenzhen	Support organisation	Policy Researches and consulting	Manager
83	10/29/2013	中国基金会中心网	China Foundation Centre	Beijing	Support organisation	Foundation Industry research	Vice President
84	11/01/2013	北京工友之家	Beijing Migrant Workers Home	Beijing	Operational organisation	Migrant workers	Leader
85	11/01/2013	韩国 SK 集团中国公司企业社会责任部	SK China, CSR	Beijing	Operational organisation	Coporate sociel responsibility	Director
86	11/02/2013	北京论坛-社会企业专场	Beijing Forum 2013 - SE panel	Beijing	Support organisation	Social Entrepreneur Studies	Professors and practitioners
87	11/04/2013	恩派-社会创业家杂志	NPI-Social Entrepreneur Magazine	Beijing	Support organisation	Media	Chief Editor and editors

88	11/07/2013	英国大使馆文化教育处 社会投资平台训练营 1	Social Investment Platform Boot Camp 1, British Council	Beijing	Support organisation	Social Entrepreneurs training	Social Entrepreneur s
89	11/08/2013	英国大使馆文化教育处 社会投资平台训练营 2	Social Investment Platform Boot Camp 2, British Council	Beijing	Support organisation	Social Entrepreneurs training	Social Entrepreneur s
90	11/09/2013	英国大使馆文化教育处 社会投资平台训练营 3	Social Investment Platform Boot Camp 3, British Council	Beijing	Support organisation	Social Entrepreneurs training	Social Entrepreneur s
91	11/14/2013	万通公益基金会	Vantone Foundation	Beijing	Financial organisation	Foundation directors training	Secretary General
92	11/15/2013	第五届中国非公募基金 会发展论坛	5th China Private Foundation Forum	Beijing	Support organisation	Foundation industry exchange	Foundation leaders and social investors
93	11/18/2013	印第安纳波利斯普渡大 学-清华大学学术交流 会	IUPUI-Tsinghua Academic Symposium	Beijing	Support organisation	Philanthropy research exchange	Professors
94	11/19/2013	清华大学马克思主义学 院	School of Marxism, Tsinghua University	Beijing	Support organisation	NGO research	Associate professor
95	11/21/2013	中国基金会中心网	China Foundation Centre	Beijing	Support organisation	Foundation Industry research	Vice President

96	11/21/2013	友成企业家扶贫基金会	China Social Entrepreneur Foundation	Beijing	Financial organisation	Social Value Investment	Secretary General
97	11/25/2013	恩派-社会创业家杂志	NPI-Social Entrepreneur Magazine	Beijing	Support organisation	Media	Editors
98	11/26/2013	中国基金会中心网	China Foundation Centre	Beijing	Support organisation	Foundation Industry research	President
99	11/29/2013	友成企业家扶贫基金会 新公益嘉年华	Social Innovation Carnival - China Social Entrepreneur Foundation	Beijing	Support organisation	Social Innovation	Secretary General
100	12/01/2013	中共北京市社会工作委员会	CCP Beijing Social Work Committee	Beijing	Government organisation	Social management	Vice Director
101	12/01/2013	英国内阁社会投资与金融部	Government Innovation Group, Cabinet Office, UK	Beijing	Government organisation	Government Innovation and social investment	Head of Social Investment
102	12/01/2013	中国社会企业及社会投资 高端对话 1, 英国大使馆	UK-China Social Enterprise & Investment Dialogue 1, British Embassy	Beijing	Support organisation	Social Enterprise and Social Investment	Head of Social finance, CEO of SEUK
103	12/02/2013	中国社会企业及社会投资 高端对话 2, 英国大使馆	UK-China Social Enterprise & Investment Dialogue 2, British Embassy	Beijing	Support organisation	Social Enterprise and Social Investment	Participants

104	12/10/2013	洪堡资本	Humboldt Capital	Beijing	Financial organisation	Hedge fund and social investment	CEO
105	12/13/2013	友成企业家扶贫基金会 "投资未来"青年领袖项目 及专项基金	Social Impact Fund in Youth Programme, China SE Foundation	Beijing	Financial organisation	Social Impact Investment	Many participants
106	12/14/2013	ABC 美好社会咨询社咨 询项目终期汇报会	A Better Community (ABC) Consulting Group	Beijing	Support organisation	Management consulting for small NGOs	Many participants
107	12/16/2013	恩派-社会创业家杂志	NPI-SE Magazine	Beijing	Support organisation	Media	Editors
108	12/17/2013	恩派公益组织孵化器	Nonprofit Incubator	Beijing	Support organisation	Social Incubation	Founder and Director
109	12/17/2013	恩派-社会创业家学院/ 社创杂志	NPI-SE Institute & SE Magazine	Beijing	Support organisation	Research and training	Founder and editors
110	12/27/2013	中国人民大学中国调查 与数据中心	National Survey Research Centre at Renmin University	Beijing	Support organisation	Research	Assistant professor
111	01/05/2014	北京大学公民社会研究 中心社会企业研讨会	SE workshop, Centre for Civil Society, PKU	Beijing	Support organisation	Social Science	Professors and govt officials
112	01/06/2014	中国人民大学公共管理 学院	Renmin University of China	Beijing	Support organisation	Civil Society studies	Lecturer

113	01/08/2014	中山大学慈善研究院	School of Philanthropy, Sun Yat-sen University	Hong Kong	Support organisation	Philanthropy and NGO studies	Professor
114	01/08/2014	香港中文大学公民社会 研究中心	Centre for Civil Society Studies, Chinese University of Hong Kong	Hong Kong	Support organisation	NGO research	Professor
115	05/25/2014	恩派-社会创业家杂志	NPI-SE Magazine	Beijing, online interview	Support organisation	Civil Society studies	Editor

访谈提纲 2013

Interview Outline 2013

记录机构名称和被访者姓名，经同意后录音。不同意录音，转为记录笔记。

Please record the name of the organisation and the name of the interviewee, and voice recording the interview if permitted. If not permitted, take notes.

基本情况与机构发展 Basics and development of the organisation

1. 本机构是怎样建立的？当时建立的主要目的或宗旨是什么？这个目的或宗旨这些年变化了吗？为什么会有这样的变化？ How was your organisation founded? What was the goal or mission of the founding? Does the goal or mission changed in these years? Why?
2. 什么因素促使您当时选择进入该机构工作？ What factors make you choose to work in your organisation?
3. 目前，本机构的日常工作有哪些？最重要的工作是什么？ What are the daily work of your organisation? What are the most important work?
4. 本机构是否考虑扩大规模，在其他城市增设分支机构？如果有，会考虑哪些城市？什么因素会阻碍机构异地开设分支机构？如果不考虑增设异地分支机构，为什么？ Does your organisation consider to scale up and open new branches in other cities? If so, what cities? What factors affect the scale-up? If not considering opening new branches, why?

5. 本机构是否提供收费服务？有哪些收费项目？客户主要是？年营业额在多少？贵组织打算在未来 1-2 年，如何增加机构的收入？Does your organisation provide paid services? What are these projects? What are the main clients? What is the turnover? What are the plans of your organisation in the next 1-2 years to increase the income of your organisation?

社会网络 Social Network

6. 对本机构发展最重要的机构有哪些？为本机构提供最重要支持的是哪些机构？为什么是这些机构？Who are the most important organisations to your organisation? What are the organisations that provide the most important support to your organisation? Why are these organisations?
7. 政府对待本机构和同领域同类机构的政策是怎样的？这几年变化了吗？有哪些具体的变化？What is the attitude/policy of the government to your organisation and similar organisations in your field/area? Does the attitude/policy change in these years? If so, what kinds of change?
8. 本机构与不同层级的政府（中央、省、市、区/县）之间有哪些联系和互动？不同层级的政府是如何看待本机构的工作的？对于他们的态度，本机构如何回应？What are the interrelations and interactions of your organisation with different levels of governments (the central, provincial, city, and district/county)? How do you respond to these government agencies?

9. 本机构的业务主管单位是哪个组织？本机构与它的关系怎样？ Who is the supervisory agency of your organisation? What is the relations between your organisation and your supervisory agency?
10. 本机构与同领域和不同领域的其他社会组织的关系怎样？ What are the relations between your organisations and other organisations in the same and different areas/fields?
11. 本机构与基金会和国际组织的关系怎样？ How about your relations with foundations and international organisations?

与政府的关系 Relations with the government

12. 您认为，目前社会组织与政府之间是否比较缺乏合作？社会组织建立与政府的联系与合作，一般是怎样的过程？ Do you think whether social organisations are lack of collaborations with the government? What is the general process of establishing connections and collaborations with the state?
13. 本机构过去、现在与政府的关系是怎样的？与政府的联系或合作是怎样开始的？各方在其中扮演什么样的角色？ How about the relations of your organisation with the government in the past and present? How did the relations and collaborations start? What are the roles of different actors in the relations?
14. 本机构是否申请过政府购买服务项目？申请哪个领域的项目？是否成功？金额和合同期限？ Whether your organisation have applied for government procurement of services? In which areas/fields? Successful or not? Amount and period of the contract?

15. 如果未来 1-2 年，政府开设一个新的购买服务的项目，也与本机构的工作领域吻合，是否会申请？什么因素会阻碍机构获得政府购买服务项目？为了获得政府购买服务项目，有什么是必须要做的？ In the next 1-2 years, if the government set up a new programme to purchase services in your field/areas, do you apply for it? What factors impede your application? In order to achieve the contract, what does your organisation need to do?
16. 与政府的联系或合作，会不会改变机构的目标或宗旨？获得政府购买服务之后，机构的关注点是否有变化？为什么？ Does the collaboration with the government change the goal or mission of your organisation? After achieving government procurement of services, does the concern of your organisation change? Why and why not?
17. 社会组织如何建立与政府的信任关系？ How do social organisations enhance trust with the government?
18. 本机构是否曾推动或影响政府某项政策或法规的制定、出台、修订或废止？ Does your organisation promote or affect the making, release, revision or abolishment of one policy or regulation of the state/government?
19. 本机构或其他机构是否与政府部门或业务主管单位发生过意见分歧或利益冲突？您觉得根本原因是什么？是怎样解决的？ Does your organisation have different views or interest conflicts with the government or supervisory agencies? What do you think are the root cause? How to deal with them?
20. 许多组织与政府有良好的关系，但也有一些关系处理得不好。对于后者，您认为最根本的原因是什么？有什么好的办法可以解决？ Some

organisations have good relations with the government, and some have bad relations. For the latter ones, what do you think are the reasons? Any good ideas to improve these?

挑战及其他 Challenges and Other

21. 本机构发展面临的最主要的内外部的挑战有哪些? What do you think are the most important challenges, internally and externally, faced by your organisation?
22. 您认为, 不成功的 NGO 之所以不成功, 主要原因是什么? 您所在的组织是如何克服这些不利因素的? What do you think are the reasons for the success and failure of NGOs? What are the main reasons? How does your organisation overcome disadvantage factors in the development?
23. 请给出本机构经常联系或合作的组织? 至少 5 个 Please list the most frequently contracted or collaborated organisations. Five at least.
24. 请给出您认为本领域做的比较好的其他社会组织? 至少 5 个 Please list the successful social organisations in your field/area. Five at least.