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From the Caterpillar to the Butterfly: Social Entrepreneurship as a New Social Force in China.

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**Centre for East and South-East Asian Studies
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Abstract

This mainly explorative study examines the nature and environmental conditions of Social Entrepreneurship in China. It makes use of the theory of the network society, which allows us to analyze the relationship of three mutually related elements: the global network, the changing role of the nation-state, and the question of identity. The last factor is, as will be argued, closely related to social movements, such as Social Entrepreneurship. The theory will help to provide an idea of how and why Social Entrepreneurship is constructing itself in the current Chinese and global setting. This setting will be described in more detail in terms of the Chinese cultural setting, the structure of civic society, and the Chinese political environment. The combination of these insights in turn will lead to a description of the status quo. In that part, the emerging market of Social Entrepreneurship in China and the specific and important role of the Internet will be investigated in more detail. In the last part, the insights will be re-examined in order to analyze the crucial factors of a future failure or success of the movement. The conclusion will contain some specific recommendations for members of the movement in China and elsewhere.

Keywords: social entrepreneurship, social entrepreneur, social enterprise, China, social movement, network society, civil society

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Abbreviations

AIESEC	Association Internationale des Etudiants en Sciences Economiques et Commerciales
CSR	Corporate Social Responsibility
INGO	International Non-Governmental Organization
NGO	Non-Governmental Organization
NPI	Non-Profit Incubator
NPO	Non-Profit Organization
SE	Social Entrepreneur
SEP	Social Enterprise
SERC	Social Enterprise Research Center Shanghai
SES	Social Entrepreneurship
SIP	Social Innovation Park

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Introduction

Background, Purpose, and Research Question

An article in *SE Social Entrepreneurs* (November 2009: 55), a magazine published by the Non-Profit-Incubator (NPI) in Shanghai, describes an interesting experiment. For the duration of thirty days, the English blogger Alex Sobel tried to survive by consuming products of Social Enterprises (SEPs) alone.¹ Although the actual status of Social Entrepreneurship (SES) is new and rather unimpressive, the experiment exemplifies something one could construe as an idea or vision for the movement of SES as such: an economy dominated by companies run by Social Entrepreneurs (SEs).

The reader already notices the confusingly similar terms. In short, SEPs can be regarded as hybrids between NGOs and corporations: They are using business approaches in order to pursue a social mission. The term SE broadly refers to people operating in this field. And finally, SES stands for the movement per se.

The spectrum of ideas around this topic remains new and unknown to the larger part of the world's population. Asking people not acquainted with the topic almost always yields an intrigued expression. From an insider's perspective, this seems surprising: Although still small, the development of the field has been gaining momentum for quite a while. "The idea of the social entrepreneur has been percolating for decades, but it has become a mass movement in the past couple of years" (Hamm 2008: 48). Organizations all around the world are jumping on the bandwagon, conducting research, granting funds, providing training, and other kinds of support. Ashoka, an SES organization founded by Bill Drayton, has been active for almost thirty years, now supporting more than 2,000 outstanding SEs. Funds carrying big names such as Jeff Skoll, founder of Ebay, or Klaus Schwab, founder and chairman of the World Economic Forum, are dealing with nothing else. And still, the whole movement seems to lose itself amidst the flood of information in our modern society. It is virtually a mass movement nobody knows about.

However, there is at least one example that makes most people nod in recognition when it is mentioned: the Grameen Bank, provider of micro-credits to the poor of Bangladesh and many other countries around the world. This might be because it resulted in the Nobel Peace prize for its founder, Muhammad Yunus, which made the concept popular. Even every single bank to which Yunus had offered it to originally neglected it. Its success came

¹ His experiences can be followed on his blog: www.seyh.org.uk/blog. [Accessed February 5, 2010]

unexpectedly, and had a great impact on development work all around the world. However, retrospectively, it seems blatantly obvious that the concept works.

The three aspects (unexpected occurrence, deep impact, and ex-post predictability) are characteristic of many extreme social phenomena of our times. Nassim Nicholas Taleb (2007) calls such phenomena, both positive and negative ones, black swans.² The financial crisis can be taken as an example. It came unexpectedly, had a huge impact, and is perceived as very predictable from an ex-post perspective. Certainly, the signs of danger had been visible all the time, but apparently the information had been lost in all the surrounding noise.

This paper poses the question as to whether or not SES has the potential of becoming a black swan like the Grameen Bank, with a strong focus on the specific case of the Chinese society. The choice and purpose of this focus relates to an observation and an oddity.

First the observation: the recent decades have been marked by rising academic interest in the search for solutions to China's growing social and environmental problems. However, as the intriguing book by Elizabeth Economy (2006) about the state of China's environment has shown, neither the central government nor the first wave of civil society movements have been able to effectively tackle the problems. Potential new approaches are therefore in need.

And now to the oddity: Due to the fact that SEPs are an even newer phenomenon in China than in many other regions, it seems as if the country has, until today, been largely neglected by researchers. Academic databases and books are literally blank.³ This paper aims to start filling the gap.

I would like to preemptively state that I do not intend to make any predictions in this thesis. Indeed, the very nature of black swans (and social phenomena as such) is that we do not know whether they occur or not. As Taleb points out, we do not know the probability of certain events, and we do not even know about the existence of others.

However, this does not mean we cannot use analysis to prepare for the future. As Taleb (2007: 210) states in addition, we cannot know the *probability* of an event, but we can know about its potential impact, its consequences. We cannot know whether or not SES will become a black swan

2 The term refers to the long upheld belief in Europe that all swans are white. Black exemplars came as a big surprise. It is not a perfect metaphor, since black swans are something very concrete and the sight of them does not cause a deep impact, however, it is a very useful one.

3 Elin@Lund (Electronic Library Information Navigator) shows zero results for the combination of the keywords 'social entrepreneurship' and 'China'. [Last checked May 23, 2010].

and revolutionize the economic system, but we can research about its preconditions to do so.

Hence, the goal of my thesis is twofold: Firstly, I will provide an account of the actual state of SES in China during the first chapters. Secondly, I will analyze the movement in its actual state in order to reveal the key elements, the signs of the phenomenon's potential success. The clear sight of them in turn will help actors to influence the likelihood of SES becoming a black swan. We do not have to know *how* likely it is that this will occur, nor what the black swan will look like exactly. The assumption that SES will impact our social systems in some positive way is already sufficient for justifying such an approach.

My research question can therefore be formulated as follows: What factors are driving the emerging phenomenon of SES, and what are the crucial elements for its potential future success or failure in China? The research process should help to decipher whether and how the unique Chinese political, economical, and cultural environment gives distinction to the local SEs and their life-world. It will reveal how they perceive themselves and their role in relation to Chinese society, the economy, and the nation-state.

Research Design

My whole study process can be divided into two separate, although overlapping and strongly interrelated parts. The first represents an extensive desk-based research. Especially during my preparation for the actual field trip, the Internet opened up a seemingly unlimited source of information. I constantly browsed the Internet throughout several months, reading and scanning websites for relevant content. Due to the initial state of available research on SES in China, newsletters, blogs, and forums became more important than academic material. I asked myself the following questions: Which sources are available? When were they launched? Are there connections between different sites, and what do these connections tell me? What do these sites tell me about the phenomenon? Is there relevant data such as names of persons, institutions or places that are relevant for my field research?

The field research represents the second part of my study. It took place in different Chinese locations during a period of three and a half months, between December 13, 2009 and April 2, 2010. The majority was conducted in Shanghai as a representative hub for SES in China on the mainland, and Hong Kong, which plays a special role both in itself and for China as a whole. Due to Hong Kong's more liberal political environment, SES could both start

earlier and develop faster than on the mainland. As a result, the mainland's activities are influenced by those in Hong Kong.

I conducted a one-case multiple-field site approach, which is, according to Heimer, “[...] appropriate for studying a phenomenon in depth, to uncover general mechanisms and to generate new empirical findings” (Heimer, 2006: 72). Since social movements actually are what they say they are (Stalder 2006: 88), the biggest part of my research was qualitative. I asked about the ways that SEs perceive and construct their life-world. My chosen theoretical background about the network society helped me to find the right foci for questions: the interrelationships between modern information technologies, the changing role of the nation-state, and the correlated construction of identity of persons and social movements. Hence, the analysis of my data primarily follows a perspective of social constructivism.

Data Collection

My fieldwork was primarily based on direct observational and participatory experience. During my stay in China, I connected with people within the field and took part in as many events and meetings as possible. I primarily used snowballing as a sampling method: Through my first contact, Steve Koon (interviewed January 14, 2010), whose name and email came to me in the form of a blog posting, I was able to be connected to a whole group of relevant persons. Koon is chairman of the Social Enterprise Research Center (SERC) in Shanghai, and also plays several other roles in the field. Each subsequent person connected me further, until certain names began to pop up unprompted. At this point, I became aware that I knew and had partly reached the most important representatives of the movement in China.

The methods I made use of were diverse. However, the most important contributions came from my interviewees.

The conducted interviews had different designs, depending on the person I talked to and the stage of my research. I started with an open interview with a scholar from Fudan University, Pan Tianshu (interviewed December 25, 2009), aiming to collect generally relevant information. Since the topic is complex and interdisciplinary, I had to figure out which fields are relevant for my research. On this basis, combined with my theoretical background, I could narrow down my interviews to semi-structured ones, which constituted the main part. Later, I also conducted interviews on very specific questions, sometimes even only one. Most interviews were carried out face-to-face, and some were conducted on the phone. For some questions I made use of email.

The reason for using interviews was motivated by the fact that they illuminate the life-world and also the institutional environment informants live in.

Site visits were of similar importance in this respect. I entered the field as a professional stranger: while being thematically focused, I could have a fresh and open-minded view on what was going on. The site visits do not only include specific places I visited on purpose, such as the Energy Efficiency Center in Shanghai, different kinds of events such as the Social Enterprise Challenge – Hong Kong, or institutions such as the Non-Profit Incubator (NPI). The whole of Shanghai and China became a site of my research, which I constantly observed with open and thematically focused eyes. I talked to the elderly in the park, to waitresses in hostels, to people on the street. I used a lot of intuition, which guided me to places, persons, and questions in casual conversations. This intuition was constantly underpinning my later use and interpretation of the material.

Demarcations and Ethical Considerations

Although the whole phenomenon of SES is still small, I had to focus on specific aspects and leave aside others. I organized my foci around the idea of SES as a social movement, which I will define more closely in relation to the theory of the network society. This thesis will not go into detail about specific approaches by single SEs. I also could not visit all relevant hubs of SES in China, such as Beijing or Chengdu. Shanghai is taken as a representative for the mainland, while Hong Kong was important due to its special role.

Due to the fact that some of the subjects in the questionnaires and the interviews might be sensitive in a political sense, I needed to handle the material with the necessary caution. Some of my interviewees preferred to stay anonymous.

Disposition

In a first step, I will introduce the conceptual lens for my research: the theory of the network society. It will provide a background to an understanding of the interrelated factors of the global network, the changing role of the nation-state, and the question of identity. The last factor is closely related to social movements, such as SES. The theory will help to provide an idea of how and why SES is constructing itself in the current Chinese and global setting. For the same reason, I will proceed with a deeper explanation of the concept of identity. Its main aspects and mechanisms will become clearer, and finally result in a working definition for the study. I will then come back to the movements' environment. Which role does the Chinese cultural setting, the

structure of civic society, and politics play? On the basis of these insights, I will describe and explain the status quo. I will describe how a market for SES is emerging in China, and which actors as yet have become active. The specific and important role of the Internet will be investigated in more detail. Only after putting together this full picture will I come to the last part of the thesis. On the basis of the former parts, it will analyze the crucial conditions of a future failure or success from a social innovation perspective. The conclusion will therefore contain some specific recommendations for all actors in China.

Black Swans and the Network Society - Theoretical Background

Introduction to the Theory of the Network Society

The complexity of the research question demanded a theory that was able to combine two different perspectives: one on global developments and one on the specific behavior of local actors of social movements. I wanted to know how the current global setting affects the development of SES in China, how real actors behave in real local cases, and why and how all this is interrelated. Manuel Castells' theory about the Network Society is able to fulfill this demand. I decided to use the condensed and highly convincing version as presented by Felix Stalder. All references to Castells originate from Stalder's writings (1998 and 2006).

Castells' theory can be classified as a meta-account of the information society (Stalder 1998: 301), or, in other words, as a sociological macro-theory (Stalder 2006: 1). His approach is holistic, which means that “[i]n order to understand one aspect we have to understand the whole, yet the whole emerges from a myriad of interdependent events” (Stalder 2006: 2). The theory is therefore hard to explain in a linear order. I will have to introduce the most important aspects in an abstract theoretical way. I have to ask for the reader's patience here, and promise the usefulness of these tools. I will then start to co-evolve further details with my empirical findings throughout the text. The theory will provide a better understanding of how social movements emerge, and under which conditions.

However, before going into detail, one important question has to be clarified: whether or not SES *actually is* a social movement. According to my results: yes and no. No, since SES does not have to be conflictive, as social movements usually are. As Steve Koon (interviewed January 14, 2010)

explained, SEs in China are not trying to change the political system. They provide social services. Only then, in an indirect way, are they also influencing the government.

However, there is also a yes. Leaders such as Bill Drayton, founder and CEO of Ashoka, are clearly speaking about a social movement. In their view, the goal of SEs *is* indeed to change social systems for the better. This especially holds true for the economy. For the sake of clarification, I will partly replace the word conflictive with proactive. As I will show, this will both suit the theoretical considerations of Castells *and* my empirical findings.

Here is the theory of the network-society in a nutshell: Castells is dealing with three interrelated elements – the Net, the Self, and the changing role of the nation-state.

“The Net stands for the new organizational formations based on the pervasive use of networked communication media. Network patterns are characteristic for the most advanced economic sectors, highly competitive corporations as well as for communities and social movements.”

(Stalder 1998: 301)

These new organizational formations include private networks, intranets of companies, semi-public networks such as the financial networks, and public, open networks such as the Internet (Stalder 1998: 304). I will not relate in detail to the academic discussion about constitutive elements of networks here. All we need is an intuitive understanding of how the shift “[...] from hierarchies to networks [...] in all sectors of society” (Stalder 2006: 1) affects us. A historical understanding of how this shift has taken place will help us to understand this phenomenon.⁴

Starting with the invention of telegraphy, the perceived distance of information transfers has been shortened. The process has been accelerated. Recently, through modern information and communication technologies (ICTs), we have even reached a point where information can be instantly made available around the globe. This has some organizational implications. Similar information technologies have been incorporated into businesses with different historical and cultural backgrounds. As a result, new connections and inter-dependencies have been created. In fact, information has become the most important factor of the modern economic system. Due to the speed of information transmissions, Castells characterized the network society as a

⁴ However, it remains a debatable question for historians if there really is such a linear shift from hierarchies to networks.

'spaceless space': everything online is immediately available everywhere. The Net has become dense and tight.

This new environment is heavily affecting our perception of the world and our society. It is affecting the Self, the second element in Castells' theory.

“The Self symbolizes the activities through which people try to reaffirm their identities under the conditions of structural change and instability that go along with the organization of core social and economic activities into dynamic networks.”

(Stalder 1998: 301)

To express it more simply: The way we construct our identity has changed. This change is related to our new position within global social networks. The fast pace of change creates a need for stability. We try to find this stability in so-called primary identities, which may be “[...] sexual, religious, ethnic, territorial, or national in focus” (Stalder 1998: 301). They are called primary, since they are perceived as stable and unchangeable in nature. However, we may also strongly relate to a stable set of values provided by a social movement, as the following quote explains:

“Through deep flows of information and people along the networks that span the globe, innovation (or tradition) travels from its place of origin to where it appeals to people and their agendas. [...] This applies as much to production methods as to social movements, to efforts to save the planet as to attempts to destroy it.”

(Stalder 2006: 2)

The formation of the Net and the way we construct our identity has made the world both more integrated and more fractured than ever before: ICTs connect different kinds of actors around the world. Production methods become standardized and universal. All actors become highly interdependent, and the world becomes more integrated. At the same time, each actor can choose among a huge variety of possible mental dispositions and ways of creating his or her identity. In cultural terms, such a world becomes more fractured.

As a result, actors are constantly affected by and reacting to developments within the Net. Social organizations and movements, such as SES, are constantly reconstituting themselves in interplay with the integrated global network.

Both the organizational and cultural changes have an impact on the third and last element of Castells' theory: the nation-state. Castells sees the nation-state as the primary locus of power. It inhabits the "exclusive control over the means of violence" (Stalder 2006: 104). The traditional nation-states as established after the Treaty of Westphalia in 1648 were territorially fixed entities whose borders marked the domain of control. The separation of domestic and foreign politics was established. These principles have become more and more challenged in a globalized world. The role is changing from sovereign actors into strategic actors (Stalder 2006: 105). Nation-states try to secure their own survival. Today they are challenged from two sides: From an organizational point of view, all kinds of networks have partly undermined the nation-states' hierarchical decision and power structures. The nation-state has somewhat lost its sovereignty to the globalized economy. It needs to establish itself as a node in the global economic network (Stalder 2006: 107).

From a cultural point of view, nation states are losing their power as providers of identity. In reality, they are partly losing power to social movements, which offer new forms of identification. This does not happen without resistance. "The state is a system of domination. Some values and interests are promoted whereas others are suppressed" (Stalder 2006: 106). I would like to exemplify this for the Chinese case.

Castells refers to Chinese nationalism as an 'ersatz' ideology, since it is used to fill in the gap which opened after the demise of Communism. In addition, CCP theorists and leaders are still holding up Marxist thought as a global long-term goal, for which they temporarily have to embrace capitalist elements. This long-term goal, in turn, so the theory states, is inscribed in Chinese 'national' culture, which has to be protected by the CCP.⁵ As Nick Knight, a former Professor in Asian Studies, concludes: the "[d]efense of Chinese Culture thus relies on an assumption of the continuing significance of the nation-state in the era of globalization" (Knight 2008: 120). And then:

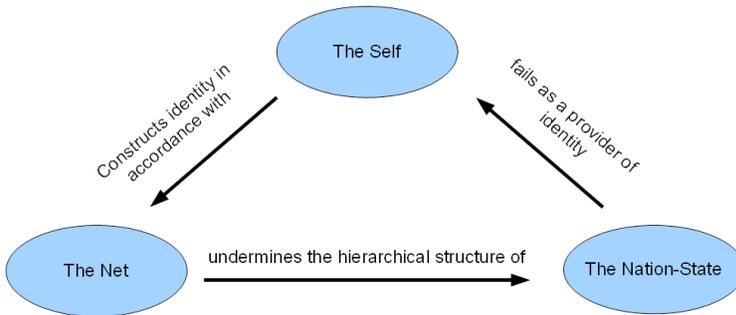
"Hence, an increased but inconsistent authoritarianism existing alongside an increasingly laissez-faire approach to the market emerges as one of the paradoxes that China confronts as it struggles to reconcile the conflicting imperatives resulting from its fervent embrace of globalization."

(Knight 2008: 134)

5 "So called 'national' cultures are very likely to be constructed and maintained by national governments in the attempt to instill in their often culturally diverse populations a unified national consciousness that will deliver political unity and loyalty to the state" (Knight 2008: 120).

In this setting, as Stalder argues, Chinese rulers have to keep a balance between domination and legitimation (Stalder 2006: 106). In turn, they are providing more and more space for their citizens to act, partly through outsourcing social services to government-controlled 'civic' organizations.

The graphic below is meant to show all three of Castells' elements in relation.



Graphic 1: Simplification of Castells' Triangle (by author).

Before I move on by elaborating briefly on what these insights mean for our concrete case of SES, I would like to add a thought that is not part of Castells' theory, but touches upon the way we treat the Chinese nation-state. The Chinese nation-state as a unit does not exist as such. The government is a conglomerate of many locally or organizationally separated units. However, whenever possible, I will refer to the government as a unit for the sake of simplicity. Whenever necessary, I will point out the important internal differences.

The Network Society and Social Entrepreneurship

Within these organizational and cultural changes a new form of global capitalism has emerged. It has become the prevalent 'mode of production', as Castells calls it. This term describes the basic social relationships constituting the economy, or its "[...] general goal according to which economic activity is organized" (Stalder 2006: 21). Under capitalism, this goal is the accumulation of more capital by owners of capital. It is determined by politics, as the Chinese case vividly illustrates. The goal of most economies around the world is the maximization of profits. However, although it has become so prevalent and durable, it remains to be challenged.

Around the globe, social movements, such as SES, are fighting “[...] on behalf of cultural singularity and people’s control over their lives and environment” (Stalder 1998: 301). This fact leads to one of the main assumptions of Castells’ theory, namely that “[...] our societies are increasingly structured around the bipolar opposition of the Net and the Self” (Castells 1996: 3, as cited in Stalder 1998: 301). In the actual case of SES, actors are creating their identity and meaning of life in accordance with their critical standpoints towards global capitalism, and related social and environmental issues. They do not accept the rules of the current mode of production. They have started to create a new form of identity, a proactive identity aimed at making changes within the economic system. Still, the question remains: *why* are they doing this?

A Social Movement under the Microscope

For the sake of explanation, I will come back to the point of the proactive or conflictive nature of social movements. Stalder (2006: 5) generally thinks that social movements play an important role in the creation of countervisions in conflicts. Taking a contemporary example from our 'information age', one of these particular conflicts is about access to information and knowledge. Social movements are engaged in questions about patents on plants, access to medicine, and copyrights. They try to change the system in a way that gives anyone the chance to make use of these goods. ‘Wikipedia’, which can be regarded as an SEP, is part of this movement.

But why do people form such a counter-vision? According to Castells, the answer is meaning. Meaning is strongly related to identity. We have to know who we are in order to perceive our life as meaningful. Nation-states are losing power as providers of identification. The capitalist mode of production with all its blessings of consumption is not able to fill this gap. Hence, many people around the world experience a lack of identity. In turn, people try to give meaning to their lives in accordance with the cultural and biological resources at their disposal. Social movements constitute one option as providers of meaning. They are formed in reflexive social processes. Castells calls these processes “action of humans on themselves” (Stalder 2006: 75).

However, Castells is interested in social agency. Hence, he mostly cares about collective identity, not about individual psychological matters. An example Pan Tianshu (interviewed December 25, 2009) also referred to as a kind of an SEP, Falun Gong, can exemplify this: from a sociological perspective, it is more interesting to find out how much it is challenging and changing the Chinese Communist Party (CCP) than to explore its effect on

the members in spiritual terms. Agency is always collective, and a social movement is always more than the sum of its parts. It aims at the transformation of values and institutions of a society, as Castells defined it. In that sense it is purposive, has self-defined long-term goals, and takes action to advance these goals within the self-established interpretative framework (Stalder 2006: 77).

Social movements are therefore self-conscious, and define what and who is inside and outside their framework. As Castells summarizes: “[W]ho constructs collective identity, and for what, largely determines the symbolic content of this identity, and its meaning for those identifying with it or placing themselves outside of it” (Castells 1997: 7, as cited in Stalder 1998: 303). In that sense, social movements actually are what they say they are (Stalder 2006: 88). And this in turn also means that they constitute autonomous actors, although, and especially on mainland China, they are facing constraints. But again, it is their creative work with these constraints that follows both their own logic and values. “That is why social movements are an engine of change that can only be understood in its own terms, located, analytically, on the same level as production and power, and interacting with – but not derived from – them” (Stalder 2006: 78). They act upon society through their sheer existence. “The very attempt to change social reality transforms it: to varying degrees, depending on the size of the movement and the goals/strategies pursued [...]” (Stalder 2006: 79). They are subjects of change, take cultural values as the content of their struggles, and aim at social structures as their objects of change (Stalder 2006: 79).

Castells distinguishes three main categories of identity: Legitimizing identities (for example established institutions of or recognized by the state), resistance identities (for example indigenous movements, fundamentalist religious groups etc.), and project identities (Stalder 2006: 84). SES fits the last one, which embraces “[...] proactive movements that aim at transforming society as a whole, rather than merely establishing the conditions for their own survival in opposition to the dominant actors” (Castells 1997: 10-12, as cited in Stalder 1998: 303).

All three kinds successively emerge around the already mentioned primary identities. Remember, these can be religious, sexual, ethnic, territorial or national in focus, and are often regarded as unchangeable on a biological or social ground. They build a contrast to the fast-paced change of social landscapes. Castells defines identity as “[...] the process of construction of meaning on the basis of a cultural attribute, or related set of cultural attributes, that is/are given priority over other sources of meaning” (Castells

1997: 6, as cited in Stalder 1998: 303). He considers feminism and environmentalism as the most significant projects, which are trying to integrate their ideas into the mainstream of society by challenging the dominant values and institutions (Stalder 2006: 87). SES is doing something very similar.

Castells made use of theory only as a means of organizing and interpreting empirical material. His framework is flexible enough to deal with such a new topic as SES. As Stalder states, it is “[...] able to be adapted to reflect new empirical findings. Indeed, empirical findings are what this theory is all about” (Stalder 2006: 4). I will now start to make use of this strength, co-evolving empirical data with theoretical considerations.

Is Social Entrepreneurship Doomed to Fail?

With the theoretical tools at hand we can understand how and why the social movement of SES is forming in China. People proactively reaffirm their identity in accordance with the problems of the modern, capitalistic structure of society in China. While the power of the nation-state is vanishing, SEs are defining (constructing) themselves in a new way. However, my research question does not only ask about the status quo, but also its future potential: can SES become a social force? Since, as stated above, social movements are what they say they are, I would like to ask: What is the movement's vision? Is their goal realistic? Here is a short analysis from the theoretical point of view, which should be kept in mind until the end of this thesis.

Considering the size of SES in China in combination with Steve Koon's point of view that it is not trying to change the system, no bigger problem occurs. The local movement would indeed remain on a non-conflictive level, filling the gap as a provider of public services between NGOs and normal business. The current mode of production would not be challenged at all. However, on a global level, leaders of the movement aim at higher goals: They want SEPs to become commonplace. They want to build a sustainable economy, which involves producing more products locally, using fewer raw materials, causing less pollution, and fulfilling the agenda of human rights. At least some members of the movement share this view, as the example of Samuel Xu, the Shokay shop-manager of Shanghai (email contact April 21, 2010) shows: “I think the most important thing is what social entrepreneurship can bring to China and the world. It might make capitalism more like socialism. It might then change the world so deeply that we can't imagine!” This idea might become conflictive, in two dimensions: one is political, the other technological. The first one will be discussed later in the

part about China's political environment. The technological one is more abstract and belongs to this part.

I will have to consider four elements: (1.) The social movement of SES, (2.) technology, especially ICTs, (3.) the mode of production, alias capitalism, and, this is a new term: (4.) the mode of development.

As has been mentioned and will be discussed in more detail, ICTs and the Internet in particular are playing crucial roles in the movement's success. According to Stalder, there is a constant interplay between social issues and available technology. Indeed, as Stalder puts it, “[...] it is becoming increasingly difficult to distinguish clearly the boundaries between the social and the technical” (Stalder 2006: 21). Expressed even more dramatically: technology is society (Stalder 1998: 302). Whoever wants to understand society, has to understand its technological tools.

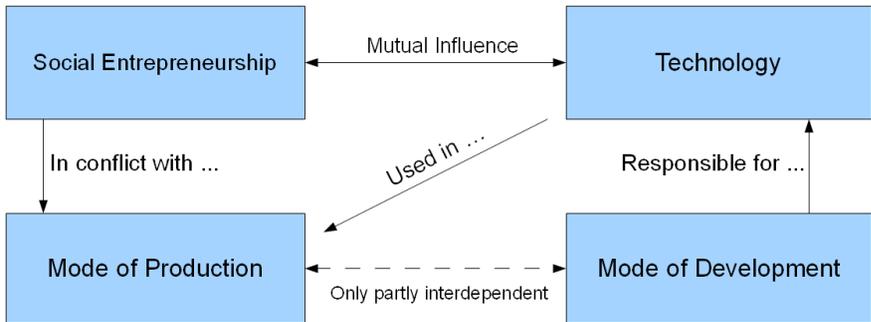
In the case of SES: the ideas and values of SES are only able to spread at such a rapid pace because of the availability of blogs, Internet platforms, email-services and Internet-shops. Most of the SEPs I have researched even directly depend on the Internet to deliver their services or collaborate with crucial stakeholders (see Appendix for specific examples). Under these considerations, the movement appears only possible in today's technological environment. As Stalder points out, the most important aspect of trans-local movements has roots in ideas, not in places. That does not mean that the whole movement takes place solely on the web. “[T]hese ideas become effective only when embodied in (material) organizations” (Stalder 2006: 83). However, the movement appears to depend heavily on ICTs.

Does this dependency on technology cause any problem with the movement's vision? At a first glance: yes. Most of the goals SEPs follow (localization of production, protection of the environment, helping the disabled etc.) are pursued using technologies that rely on the mode of production under criticism. ICTs especially have been produced under the pressure of capitalistic efficiency, often under the exclusion of considerations about sustainability. Capitalism is both a driver of innovation *and* social and environmental problems. The efficient production of all these high-tech elements seems to be a direct outcome of exploitative behavior, both in a social and environmental sense.

However, the movement's agenda has not failed from the beginning. In order to achieve clarification, I will have to draw on the fourth element: the mode of development. In contrast to the mode of production, it determines productivity. Productivity in turn is based on “[...] the element that is

fundamental to increasing the output of the production process.” (Stalder 2006: 22). Today, in the information age, this element is information itself.

Both modes are partially interdependent, but to a much lower degree than we might think. As Castells put it, “[...] modes of development evolve according to their own logic; they do not respond mechanically to the demand of modes of production” (Castells 1989: 10, quoted in Stalder 2006: 22). In other words, the vast empirical analysis by Castells has shown that technological development is a contingent phenomenon, occurring partly independently of the underlying mode of production. It does not say that there is no connection between capitalism and innovative behavior. It does say that innovation can happen in different settings. Theoretically, technology could also be produced under a different mode of production, which might be in line with the goals of SES. The graphic illustrates this.



Graphic 2: Social Entrepreneurship and Technology (by author)

However, for now, SES is located on the borders of the dominant mode of production. SEs are using selected technologies of the current mode of development in order to transform it. They are using certain features of capitalism, but try to undermine others at the same time.

I would like to provide two illustrative examples. Organic farms *do* use certain modern technologies, but also reject others. They promote local production, but depend on globally produced technology. They are ingrained in a capitalist mode of production, but do not only follow the goal of profit accumulation. Wikipedia is using the most advanced information technologies, which have been developed by profit driven corporations. At the same time, they (partly) undermine the capitalist logic of intellectual property, by spreading knowledge to anyone who is interested. These problems of contradictions are not prohibitive for the success of SES in China and

elsewhere. But they present obstacles, which will have to be considered by its promoters.

Black Swans – Extreme Social Phenomena

Before I end this theory-driven chapter, one further aspect has to be reflected upon. It is crucial to understanding SESs' potential to become a black swan.

As already mentioned, information is the fundamental element of today's informational mode of development. Two historical retrospectives will show why this is a very special situation: Simplified, in the agrarian mode of development, the output was raised by an additional amount of labor. This changed after the dawn of industrialization, when energy became the crucial factor. The additional effect of labor was marginalized. But, additionally, energy lost its status as the most fundamental element, when information became the most important (Stalder 2006: 25).⁶ What is the crucial difference? Both labor and energy were used to produce something different from themselves. Information, in contrast, is mainly used to produce information. It is self-reflexive. And this has severe implications.

While labor or energy is limited, information can reproduce itself. It can be multiplied at almost zero marginal costs, and transferred to any place on the globe in no time. Castells describes the difference between the global economy today and the one of previous ages in terms of its “[...] capacity to work as a unit in real time on a planetary scale” (Castells 1996: 92 in: Stalder 2006: 65). He relates the current transformation to the increasingly important role of electronic communication (Stalder 2006: 143). It causes even time to be timeless, “[...] since there is no longer a dominant temporality, neither traditional biological time, nor modern clock time, nor any [...] others” (Stalder 2006: 156). Phenomena may appear extremely fast through informational contagion.

Some of these contagions may appear in the form of the already mentioned black swans. Although our global social systems, such as the financial system, often appear less volatile and stable than less connected ones, they are more prone to the sudden appearance of such extreme social phenomena. The current financial crisis was anticipated, although not predicted, by Taleb (Taleb 2007: 225). To repeat his main argument: We cannot know the likelihood of social phenomena. The integrated global network is far too complex for our simple models. But we can know about the impact. The financial crisis brought the system close to a collapse, and we could have

6 A note on my personal interpretation of Castells here: food and energy supplies remain crucial. They only lose their position as main drivers of innovation.

known about and reacted to this beforehand. However, here is the point of importance for this paper. We cannot know if SES will reach a sudden tipping point and spread all over China and the world. But we can do two things: Firstly, we can estimate the potential impact. I have done that partly in the preceding paragraph. Secondly, we can research the conditions that make such a phenomenon more likely (although we do not know by how much). This will be the task for the next chapters.

Summing up the theory, SES as a social movement is forming in accordance with three developments: Firstly, the vanishing nation-state of China is causing a lack of identity. Secondly, the capitalist mode of production endangers our survival and causes resistance. Thirdly, ICTs are enabling the rapid spread of ideas.

One of those ideas belongs to the movement of SES, which provides both meaning and engages the problems of capitalism. It is thereby part of a huge transformation, as “[a] new society emerges when and if a structural transformation can be observed in the relationships of production, in the relationships of power, and in the relationships of experience” (Castells 1998: 340, as cited in Stalder 1998: 302). In a first step, the next chapter will deal with experience in more detail.

The Spectrum of Social Entrepreneurship

Definitions in the Review

Despite many single approaches, no commonly accepted definition for SEs and SEPs has yet emerged. This is paralleled by the fact that also no legal framework has been established so far. All around the world, lawmakers have trouble identifying the crucial aspect of SEPs, and that makes them separable from other forms of organizations. Hence, let us clarify once more the most important elements of this thesis: The individual social entrepreneur (SE) and the organizational form of social enterprises (SEP) are two different areas under dispute in the field of social entrepreneurship (SES) (Nichols 2005: 3).

In general, the term SE broadly refers to individuals acting on their own initiative to tackle social or environmental problems in a way similar to business entrepreneurs pursuing profits. Bornstein (2004) refers to a definition by the famous economist Joseph A. Schumpeter, who thought of entrepreneurs as a source of “creative destruction”, which in turn yields major economic advances. Bornstein then characterized SEs as people shifting

perceptions and behavior patterns within a society in order to tackle its problems (Bornstein, 2004: 2). This definition is in line with Castells' description of prospect identities (see p.17). In a similar way, Ashoka (2009) refers to SEs as “[...] individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.”

For SEPs, Elkington & Hartigan (2008: 30 ff.) established a three-step approach of a definition based on different degrees of financial self-reliance. An SEP able to deploy the full power of independent acting is then only one possible form. It is often referred to as 'Social Business', a concept most forcefully promoted by Nobel peace prize laureate and Grameen Bank founder Muhammad Yunus. From this financial point of view, Elkington & Hartigan call the form closest to the NGO's 'Leveraged Nonprofit Venture', the one in between 'Hybrid Nonprofit Venture'.

A study by the British Council (2008) monitored different opinions in the Chinese field. The approaches cover a similar range as established by Elkington & Hartigan. Some actors are in clear favor of earning profits while tackling social issues. Steve Koon, who is also the lead consultant for the British Council's China Social Entrepreneurs Skills Training program (interviewed January 14, 2010) is promoting this view. Other actors, such as those of the Non-Profit Incubator (NPI) in Shanghai, align SEPs closer to typical NGOs (British Council 2008: 37). A discussion about the sector's lack of clear definitions can be found on the Chinese online-platform Collective Responsibility.⁷

The British Council, which is very active in the Chinese field of SES, sees the main advantage of SEPs in their innovative power and unique position for acquiring support and resources. At the same time, they are able to network with peer organizations (British Council 2008: 38). These abilities are providing a competitive edge, which apparently gains results. Around the world, Hamm (2008: 48) observed a trend for social organizations to become increasingly independent from their donors. The financial crisis has tightened the budgets, both globally and in China. In this climate, only efficient organizations will survive. This trend suggests a future shift within the definition for SEPs towards financial self-reliability.

For this thesis, both the organizational form of SEPs and the individual characteristics of SEs are interesting and important. However, in the end, individuals are in charge of creating and spreading a concept. The next part

⁷ <http://collectiveresponsibility.org/en/how-would-you-do-you-categorize-social-enterprise>. [Accessed May 10, 2010]

will therefore look closer at the process in which the concept and identity of SEs evolves.

The Creation of Identity, or the Birth of a Social Movement

“The need to create meaning in life is a primary social force. Life without meaning is unbearable” (Stalder 2006: 83). Castells thinks about such meaning as constructed around issues of identity: “[...] the definition of certain cultural characteristics as constitutive for a person in the context of a shared culture” (Stalder 2006: 83). He follows Giddens, who argues that individuals continuously have to monitor themselves in relation to a larger social context, but then focuses on the collective aspects of the construction of identity (Stalder 2006: 84).

Since members of SES regard it as a social movement, there must be some kind of underlying, unifying identity. Identity is, as has been argued before, the most important driver of social movements in general. This identity is often constructed around 'primary identities', which are perceived as unchangeable in nature. But an important question remains. Since there is no apparent 'biological' aspect in the field of SES, what could this crucial, unchangeable aspect be?

The answer might be found in the attitude towards the globalized, capitalistic system. Besides others, Elkington & Hartigan (2008: 5) provide a whole list of typical characteristics of SEs. They “shrug off the constraints of ideology or discipline, [...] innovate, [...] jump in before ensuring they are fully sourced, [...] display a healthy impatience” and so on and so forth. Short definitions as provided by almost all the big players in the field seem to merge into a similar notion, drawing on inventiveness, ambition, and persistence. A list can be checked on the Hong Kong Social Entrepreneurship Forum platform.⁸

So it seems to be such a mindset, which is unchangeable in the sense that it arises out of an emotional position that makes it unbearable for them not to act in terms of their beliefs and convictions. I will start at this point to work with some insights from my fieldwork, partly observations and subjective impressions, in order to underline this notion.

During my entire stay in China I experienced a common disposition among most people working in the field. All of them showed interest, knowledge, and concern in/about international and related local developments. Acknowledging possible exemptions, the identity of SEs seems to form, in

8 http://www.hksef.org/index_en.php?cid=2&pid=14. [Accessed February 23, 2010]

accordance with Castells, around the widely spread paradigm of 'think global, act local'. I experienced the active persons as generally very knowledgeable and broadly interested in various issues. I also experienced them as being smart. Thinking further than one's own small immediate radius naturally requires free capacity, and seems to channel persons capable of this into the field. Furthermore, most of them were highly sociable. It almost did not matter where I took part; I was warmly welcomed and most often invited to casual dinners and other activities.

The already quoted character trait of being “unreasonable” (Elkington & Hartigan 2008) or even “crazy” is thereby in no way a negative attribute. As Law Wai Hung (interviewed February 6, 2010), founder of the Inter Cultural Education Center (ICE), mentioned to a journalist during the Social Enterprise Competition in Hong Kong, he gave up his well-paid job at Google in order to devote his time fully to their SEP, being therefore criticized as “crazy” by parents and friends. But, as he stated not without pride: “The crazy people change the world.” This notion, that it is the people's nature defining the core of SEPs fits with an idea of Cyrille Jegu, an expert in SES whom I met on an event in Shanghai on February 1, 2010, organized by the Social Innovation Park China Chapter (SIP). He pointed out that the difference between a normal organization and SEP is not the organizational structure or anything else that is perceptible, but the spirit. This spirit refers to nothing else than the identity of SEs. Here, to say something in advance partly imposes the problem on lawmakers to differentiate between normal and social approaches, making it difficult to provide benefits for the latter kind.⁹ However, it shall not be part of this paper to figure out a detailed 'psychogram' of the typical 'activist', but it should be valid to claim a certain degree of like-mindedness within followers of the movement.

This like-mindedness is the connection between otherwise very different people. They establish certain standpoints towards certain issues of the Net. More specifically, they share an attitude towards solving social and environmental issues. The relationship between the social and the technical is reflected again in this fact. The movement forms in accordance with two main elements: One being the Net, without which they would not 'meet' physically. The other being the common identity, without which they would not 'meet' culturally. How would a banker in the field of rural micro-finance see a connection to somebody leading a company dealing with urban disabled

⁹ Indeed, this spirit can be regarded as part of a discourse about SES, whose elements are easily misused as plain rhetoric.

people? They might have completely different backgrounds of knowledge and skills, and work in different fields and with different groups in society.

This is also the reason why it is often said that SES is not new. There are outstanding examples of SES throughout history,¹⁰ except they never knew about each other. And if they did, they did not relate to each other. Only the common concept, which evolves within the physical and cultural connections of a growing number of SEs, makes a mass movement possible. This is underlined by the experience of Oliver Kayser, an Ashoka affiliate. He feels that the most powerful thing Ashoka provides for its members is not funding or knowledge. It is the common awareness of being an SE (cited in: Bendell 2005: 16). The concept draws new actors to the field and the actors shape and elaborate the concept. If this process reaches a tipping point, a grassroots movement may turn into a black swan.

However, not all persons who share the same mindset are equally attracted to the concept. While I was sitting at a dinner table with a group of eight active students in Shanghai, I deduced something noteworthy: although the field appears genuinely economical, the only section of backgrounds underrepresented were actually students of economics and business. I therefore asked Qiao Huichao (email contact March 10, 2010), researcher at the Social Enterprise Research Center (SERC) and a master candidate at the school of international business administration of the Shanghai University of Finance and Economics, for his impression.

He wrote a detailed answer, from which I will reflect on two points. Firstly, the field of SES is very new, and has not yet proven to be a reliable job machine. Students of business do tend to prefer conservative occupations. This combines with point two: students feel pressure from their families and themselves to find a high-return job. The Chinese culture is currently concentrated on high salaries rather than on meaning. As Qiao writes:

“Parents are always proud of their children's good job, especially when they are not local in Shanghai. It was a very hard struggle for them to pass the university entrance examination, and to afford the resulting high costs. [...] You know, if you choose SES, it cannot give you a quick return.”

I would like to add one thought. Economists already have a strong paradigm they can follow. In many talks with economists, I discovered the relation to

¹⁰ One often cited example is the nurse Florence Nightingale, who revolutionized her entire profession during the nineteenth century.

already formed (and medially transferred) identities, such as the investment banker, the accountant, or the consultant. Taking the random sample of students I had dinner with, their subjects included public health or sociology (twice), subjects without ready-made occupational identities or standpoints towards the global Net that they could fulfill. They might therefore be more open to alternative or newly constructed forms of identity.

This leads me back to the actual shape of this identity, the critical standpoint towards the capitalistic system. What is the real problem that SEs see in capitalism, and what do they try to do? I will illustrate point one with a quote by Castells:

“Financial markets [...] have turned into the central event of the new economy to such an extent that all other [economic] activities (except those of the dwindling public sector) are primarily the basis to generate the necessary surplus to invest in the global flows, or the result of investment originated in these financial flows.”

(Castells 1996: 472, quoted in Stalder 1998: 6)

Castells mentions two aspects here. Firstly, market participants are concentrating all their resources on the generation of profits. Other aspects, social or environmental ones, are neglected. Secondly, the public sector, including the nation-state, is dwindling and losing its power. It loses its ability to provide social services the market cannot deliver.

So what do the SEs do? David Bornstein (2004: 9) thinks of the movement as part of the citizen-sector's struggle to regain power lost by the government to the big corporations. This statement underlines the proactive/conflictive nature, in a sense that also fits Steve Koon's point of view. SES is actually not in conflict with the government. It is in conflict with the organization of economic activity. The indecisive standpoint of the government might find an explanation here. It is losing power, although not because of SES. However, SES is moving into this power vacuum, appearing as a more tangible actor than the global economic system. However, the power-shift is further driven by the SES's ability to provide identity for citizens. Hence, the *government* is partly in conflict with SES, although they appreciate their work.

In this regard, Castells thinks that social movements might break the connection between nations as the entity of identification and states as the entity of decision-making. Does SES have the potential to become a really big player in the identity game? Stalder points out that capitalism is proceeding without a lot of organized, effective resistance. At the same time, the

fundamental question for many citizens around the world has shifted from the ownership of the means of production towards how we can “[...] lead a life with meaning and dignity” (Stalder 2006: 87). Although SES certainly will not be the only provider of identity, it looks like a movement for which the time has come.

In this part I have analyzed the mindset of SEs and their proactive standpoint towards the Net. These two aspects are finally creating the actual form of SEPs, for which I will now try to formulate a working definition.

The Spectrum of Social Entrepreneurship

A definition is not only important for the academic discourse. It is also important for the potential creation of an adequate legal framework. In this respect I have to mention that legal obligations for all kinds of civic organizations have always been tremendous and complicated in post-socialist China. NGOs have to find an official supervising institution or “professional leading agency” (Sidel 2010), such as a governmental agency or ministry, and register at the Ministry of Civil Affairs (Sidel 2010). This “dual management system” makes them de facto very dependent as the supervising institution can withdraw at any time. Many organizations seek retreat in the private sector, where they are exposed to the full range of tax obligations. Also, double registrations, both as non-profit and for-profit entities, are common.

This practice of co-opting and partly suppressing the civic sector reflects the state's fear of losing its power. This fear stands against its need for social services provided by civic organizations. “After the earthquake [in Wenchuan], the government was awakened to the necessity of NGOs” (Zhu Xiaofang, deputy director of the Administrative Service Center of Mianzhu, as quoted in Jianfeng 2010). I will come back to the background of this important ambivalent stance once more. In any case, any potential legal framework for SEPs requires sharp characteristics.

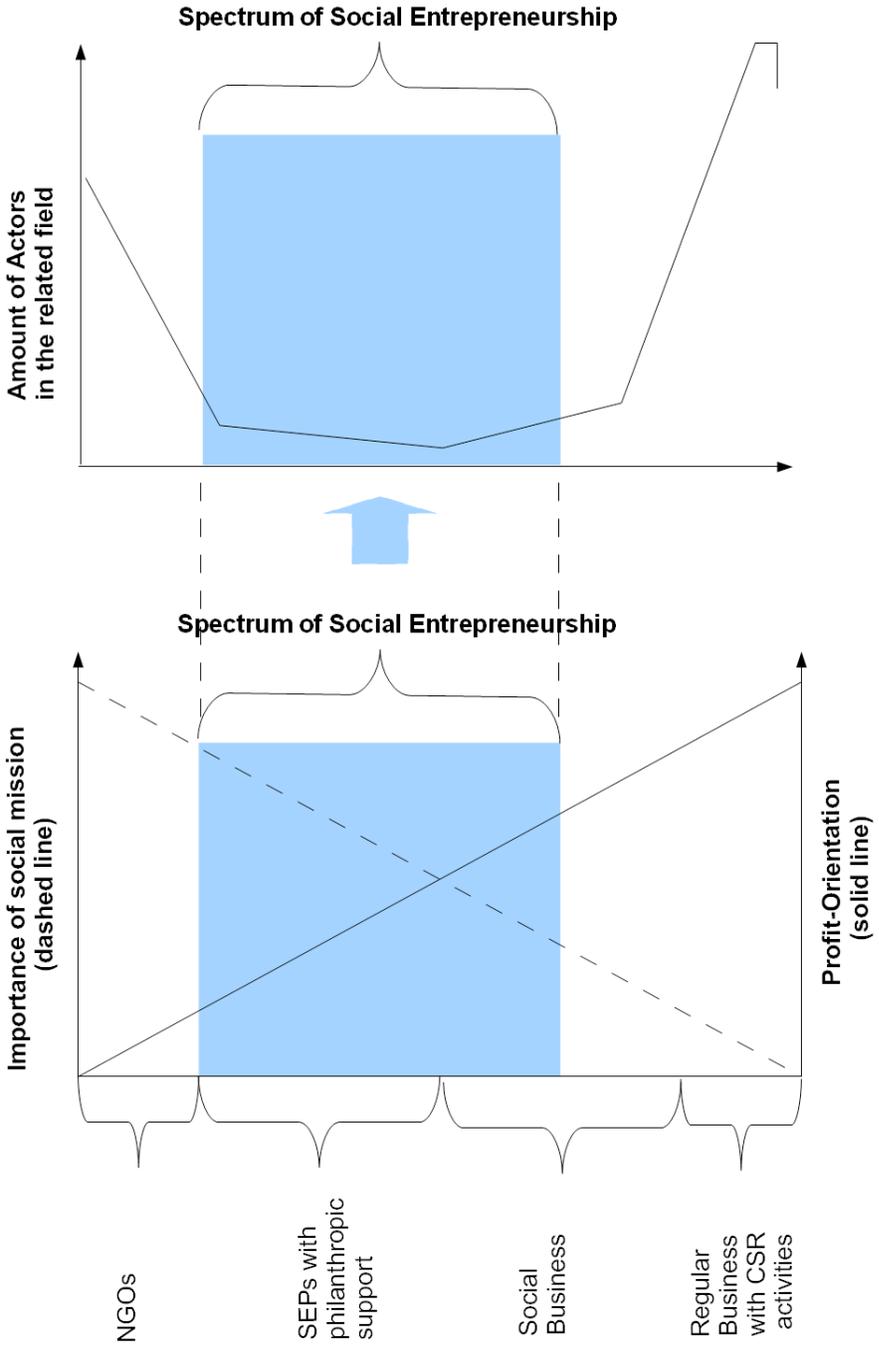
The most common factor SEs agree on is their social mission. All my interviewees commonly acknowledged this fact. The obvious problem is that 'social mission' constitutes a vague concept. As Li Ding (interviewed January 19, 2010) explained, China Telecom claims to be an SEP due to the provision of their 'social' service to *all* people in the country. This case exemplifies the problem of misguided rhetoric, which leads to public skepticism towards people claiming to do good in general. Also, the Chinese government, based on this notion, claims to be afraid of tax misuse (according to Li Ding), which is rather odd considering the low tax-paying morale in China. However, in order to avoid such misuse, many actors think that the social mission has to

rank higher, in fact highest, among all goals of an enterprise, especially higher than the goal of profit maximization.

How can this be ensured? As famously claimed by Muhammad Yunus (2008), the outflow of cash towards investors has to be prohibited. Only approaches very close to 'normal' business allow money other than wages to leave the company, but cannot claim to be a real social business in turn. These two factors are important, but still lag behind the crucial difference to NGOs. This is finally established through the usage of market mechanisms, which, in the optimal case, leads to financial sustainability. Qiao Huichao (interviewed January 24, 2010) ranks financial sustainability highest among all factors, a view which is in line with the one held by Steve Koon (interviewed January 14, 2010). These three constitute the baseline for SEPs. However, a last typical element of many approaches is social innovation.¹¹ This leads to the following setup: An SEP (1.) pursues a social mission, (2.) pays no dividends to investors, (3.) generates returns, (4.) and often makes use of a social innovation.

What becomes obvious is that the social mission constitutes at least partly a trade-off with the generation of returns. Also, the fewer factors one, two, and four pursue, the closer the enterprise moves towards 'normal' business and the other way around. More dimensions for defining SEPs are possible, for example, the degree of independence from the state. These are interesting points for detailed approaches. For this paper, however, the aspects considered will be sufficient. We can now order different degrees along a scale as seen in Graphic 3.

¹¹ The reader might think about micro-credits as an example.



Graphic 3: Spectrum of Social Entrepreneurship (by author)

As we can see, on the extremes of the scale we can find the organizational forms we are most used to: NGOs to the left, business corporations to the right. The new forms are now ordered somewhere in between. I would like to mention the already existing trend of moving closer to the center, both from the side of NGOs (selling services) and corporations (Corporate Social Responsibility (CSR)). However, the very structure of these organizations limits this move to a certain degree. As Li Ding (interviewed January 19, 2010) points out, SEPs incubated in the Non-Profit Incubator, which structures show an affinity to the ones of NGOs, are and will be reliant on funding at least in the near future. My question under which level wages should be regulated turned out to be practically irrelevant, thus there was no answer yet: “Nobody is getting rich right now.” On the other side of the spectrum, a famous example of an SEP in China, MoPa Housekeeping Service, dropped its commitment to SES and followed a more business-oriented path. Clean social business is still rare. In the following, I will refer to the blue-marked 'spectrum of social entrepreneurship' as 'SES'. The next two chapters will be more descriptive in nature, monitoring the setting and status quo of the movement in China.

China as a Setting

A Short Historical Background of SES

The development of the 'spectrum of SES' in China as defined in the last chapter was highly influenced by the events in the first half of the 1990s. During that time, the number of associations providing services to marginalized parts of society was rapidly increasing (Yang 2007: 128). Many organizations of different kinds such as NGOs, NPOs, INGOs, and so on were established. As Yang Guobin, a Chinese professor with a focus on social movements, puts it, “[...] the deepening of the market reform following Deng Xiaoping's southern tour in 1992 bankrupted the socialist welfare system and created a large marginalized population badly in need of social support” (Yang 2007: 128). However, Deng not only promoted market reforms, but also civic engagement. Such civic engagement is highly necessary for SES. I have mentioned that other parts of the world have seen the topic emerging during the last three decades. In contrast, the phenomenon took off in China only about four years ago, as Patrick Cheung, Interim Country Representative for the People's Republic of China of Ashoka in Hong Kong, knows (interviewed

February 5, 2010). The reason for this late start is hard to grasp. I have already touched upon this topic earlier. I will now incorporate these and further thoughts into considerations on the Chinese setting.

As one of my anonymous interviewees (February 1, 2010) speculated, the rural population is stuck in its own situation, unable to move, while people in the cities have been overwhelmed by the fast development. The first generation after the market reforms has just been too busy to think about the overall situation. This intuitive idea finds affirmation in the different angle taken by the anthropologists Li Zhang and Aihwa Ong (2008). As they argue, “[p]owers of the self [...] are regulated and framed within the sovereign power of the nation” (Ong & Zhang 2008: 1). Privatization, as per their idea, comes in the form of profit making by individuals, but is rejected as an official policy (Ong/ Zhang 2008: 2). Hence, people remain stuck in the socialist ideological framework. I have already argued for the state’s attempt to remain the provider of identity. However, as Dan Smyer Yü (2008: 199) argues, Chinese nationalism is dwindling as a supplier of meaning and causing a “spiritual crisis”. This in turn leads to the fact that privatization also “[...] refers to the reclamation as a private person of the collectivized, standardized self of the era of communist extremism” (Dan 2008: 199). This development, which only recently gained momentum, causes people to open their minds to new forms of identification.

Such considerations clearly have a point. However, they are *generally* concerned with identity, for which SES is only one potential provider. Hence, the movement might run into obstacles I have not yet considered. Those might also be related to Chinese cultural heritage.

Cultural Heritage and Public Beliefs

As Pan Tianshu (interviewed December 25, 2009) highlighted, all Chinese major traditions of thought, such as Confucianism and Socialism, have been highly skeptical towards business throughout history. This culturally internalized problem sets the field of SES clearly apart from any other form of charity. “The social status of businessmen has always been low, which has started to change only recently” (Pan Tianshu, interviewed December 25, 2009). This change happened against the background of the privatization of the market, which caused a change in the “social composition” of society: the first millionaires after the opening of the market were actually peasants (Pan Tianshu, interviewed December 25, 2009). Entrepreneurship becomes more and more mainstream. Nevertheless, the old skepticism towards business-related charity remains pretty active.

Nevertheless, not every actor involved thinks of the Chinese cultural heritage as a problem. Steve Koon (interviewed January 14, 2010) is of the opinion that the whole concept fits China, since philanthropy in general has a long tradition in Chinese culture. Thus, SES might be regarded as being closer to this tradition than connected to business.

Qiao Huichao (email contact 10 March 2010) shares this view, but suggests another problem. As he writes: “Many people look at SES as 'charity' activities.“ Only this does not really help the sector, since they “[...] like to consider "doing the right thing" to enrich themselves first, and then "doing good things" to help others.“ The transformation has caused people to think that “[...] success means high salary or to have a lot of money rather than having a meaningful or a challenging job. A lot of students quite care about how other people around them judge their jobs, especially their parents.“

This observation becomes apparent to anybody staying in China for a while. Also many scholars are skeptical towards the argument of a rising Chinese civil society (e.g. Ong & Zhang 2008). However, my fieldwork revealed changes at least in the younger generation. This notion is underpinned by a recent study conducted by Pan Tianshu (interviewed December 25, 2009).

Emerging Civil Society

As Pan points out, volunteerism is defined by personal choice. In contrast, the form of volunteerism in China was until recently induced by the government. I have already described the top-down approach through legal restrictions by the government. However, the first large-scale outbreak of spontaneous volunteerism happened after the earthquake in Sichuan in 2008, as was confirmed by several of my other interviewees. One could almost speak of a movement that reclaims volunteerism - reclaiming it from a state that has over the decades defined what volunteerism should be about.

Pan conducted his study in 2009¹². Surprisingly, students at Fudan University turned out to be highly concerned about volunteerism. Although their lifestyle can be described as 'easy and fun', the emergence of spontaneous volunteerism is unprecedented. Pan refers to this fact as a “public spirit” and these results fit my own observations pretty well. I not only talked with young Chinese people who were trying to obtain one of the unpaid jobs at the upcoming EXPO (similar, by the way, as during the Olympics in Beijing 2008), I also met them on a night train from Guangzhou to Nanjing. I recognized them only because of their shirts showing the logos of their

12 I am referring here to a PowerPoint presentation by Pan Tianshu at Fudan University, January 2010.

universities. In response to my question why they were working voluntarily in such an (rather unpleasant) environment, they pointed out their interest in getting to know and understand their country.

The mental horizon seems to widen at least for the more educated part of society. Many young people are curious and aware of their environment. They reflect on their ways of living. This is underlined by a personal story I was told by Qiao Huichao (interviewed January 24, 2010), whom I met earlier in Shanghai. He once went on a trip to Yunan: "I realized that these people do not have so many needs. They are poor, but happy. It is all about an active and positive attitude towards life."

However, although the public awareness has changed, the concept of SES remains almost completely unknown to the public. As Li Huiping (interviewed January 19, 2010), program officer at the Non-Profit Incubator (NPI) in Shanghai, mentioned: "I have to explain to every single relative or friend what I am doing here." The concept, although potentially very attractive, is still suffering a lag in popularity. However, society seems to give its support: the concept attracts many of those who know and understand it. I will now come back to the government's perspective in more detail.

China's Political Environment

During my fieldwork, I tried to figure out the government's actual standpoint towards SES. I got my first chance during a dinner with two Shanghai government officials (January 10, 2010). Their reaction on the subject as such was positive. They also provided me with information about a government fund for start-ups, which was supposed to be open to all kinds of entrepreneurs. However, none of the people in the field I later talked with had ever heard about this fund. After a second contact with the officials I was recommended to connect with the commission of commerce as an informant. I was able to talk to the department for start-ups (April 2, 2010). Again, after an initially positive but vague reaction in person, my subsequent emails, which included specific questions, remained unanswered. I gained the impression that although the word 'SES' appears to be familiar to many people in China, almost nobody really knows anything about it, or knows how to deal with it.

I have previously explained the "paradox of globalization" in China in the theoretical background (see p. 14). Although international forces act upon the government's actions, it tries to appear as if it is in control of all these changes (Knight 2008: 146). It has to, since only then can it constitute the last

authority for defining national culture. Here are some considerations about why this interacts with SES.

The considerations were originally based on my interview with Pan Tianshu (interviewed December 25, 2009), which I later backed up by consulting related academic works. Different scenarios of how and why the government will react to the phenomenon in the future are considerable.

Firstly, the government might co-opt SES, as is still common with other forms of organizations. There is one main reason for this option. Charity is not as a benign and harmless topic as it seems. Oxford professor Vivienne Shue (2010) argues that providing social services is part of the CCPs identity. If other actors step into this area, this is perceived as a threat. SES could create an experience similar to that of NGOs. Although the government's attitude toward NGOs has improved a lot since the earthquake (Jianfeng 2010), they might end up as an instrument of public policy. In this function it will complement, although not substitute, the efforts by the state to deal with social problems, but never unfold its full potential.

However, SEs could also continue to pursue approaches independently. In this second case, some critical fields such as environmental protection or food security might conflict with at least some parts of the government, for instance, with some specific ministries. While the Ministry of Trade for example is interested in the promotion of genetically modified food and 'conventional' forms of agriculture, which is technology and hence trade intensive, the Ministry for Agriculture is concerned about biodiversity, soil erosion, and contamination, thus promoting the alternative approaches pursued by somewhat socially oriented entrepreneurs (Pan Tianshu, interviewed December 25, 2009).

Thirdly, there are potential dangers that might lead the government to take a highly cynical position towards SES: Pan uses the already mentioned religious organization Falun Gong as an example for a (at least perceived) threat on the national level. On a local level, charitably oriented SEs might become local heroes in remote areas, and thereby challenge the local authorities and their leading status, which in turn try in advance to avoid the success of such approaches.

These examples of the second and third alternatives illustrate an important fact about the Chinese government, which I mentioned earlier in the theoretical background: the Chinese government cannot be taken as a single unit. Besides being organizationally divided into parts with different responsibilities, geographical inhomogeneities do exist. Li Huiping (interviewed January 19, 2010) pointed out, that while governments in the

eastern areas are both aware of the phenomenon and act rather supportive, governments in the inner areas, where the economy is not so developed, lack both awareness and money.

However, it might also be due to this point that the third consideration, in which SES is perceived as a threat by the CCP, was largely opposed by my other interviewees. Both NPI program officers Li Huiping and Qian Huang do not see any problem from the side of government officials for their work. Also Samuel Xu (email contact April 21, 2010) highlights the supportive behavior of the government for their work with Tibetan herders.

The only wish I heard frequently addressed the missing legal framework. As Jon Wyler, Wokai associate (email contact April 8, 2010), writes: “If the government were to put a bit more trust into NGOs, or come up with a way of evaluating them to allow those doing good to operate more freely, this would really help us to reach more people in the rural areas.” Also, Samuel Xu expresses the wish for a standard or certification, which would help to channel resources to good approaches. I would like to add that this would also help to abandon the arbitrary rule towards persons and organizations that is in place at the moment.¹³

Although the establishment of a legal framework seems remote, Steve Koon (interviewed January 14, 2010) makes the already mentioned changing trend responsible for the generally positive feedback: At least for the moment the government is learning to leave tasks to other actors, since it just cannot maintain its monopoly on social care and social issues.¹⁴ Hence, a new market for SES is developing. Its development and the status quo of the movement as such will be the subject of the following chapter.

The Status Quo

The Emerging Market of Social Entrepreneurship in China

I have already dealt with the question of *why* the development started late. I will now continue with the *how* of this process. Patrick Cheung (interviewed February 5, 2010) explains the development as follows: While the government of Hong Kong was facing the problem of growing poverty, local NGOs were facing the problem of funding. In order to keep their work going, some

¹³ This insight stems from a discussion with my supervisor Barbara Schulte, May 19, 2010.

¹⁴ This notion was rather common among people in the field of SES. However, other sources suggest the opposite development for the non-profit sector in general. See e.g. a most recent article in *Asia News* March 15, 2010.

NGOs started to charge for their services. The government was willing to promote this kind of SES, and set up a fund of 100 million HKD in order to support them. However, they also set up a rule according to which organizations could only get funding if they were both organized as NGOs and had been established for at least three years; a condition that actually excluded every genuine approach of SEs, who normally found start-ups.

As a reaction, the civic society emulated what the government had started: Dr. K K Tse, a retired businesses man, founded the Hong Kong Social Entrepreneurship Forum (www.hksef.org) in the beginning of 2008. It was through his newsletter that the concept spread, causing a rapid growth of activities in Hong Kong. Also, other meta-institutions started operating. Currently, most SEPs, which resulted from this first move in Hong Kong, remain very small, employing staff of less than ten people.¹⁵ They are most active in areas such as fair-trade products or food related business. The problem, according to Patrick Cheung, is their lack of financial sustainability. Half of the companies, which are mostly *not* run by business people, are forced to stop their services after the initial funding is gone. The problem is related to a lack of entrepreneurial behavior. It is a very young market, which has not yet developed standardized ways for success.

However, a new generation of SEPs has recently started to form, which includes larger scale enterprises. According to Patrick Cheung, the four most important ones are SCHSA (www.schsa.org.hk), MentalCare (www.mentalcare.com.hk), Fullness (www.fullness-salon.hk), and Dialogue-In-The-Dark (www.dialogue-in-the-dark.hk), a new breed of companies adopting many business approaches, started with private capital or internal funding of an NGO. More details about them can be found in the Appendix.

The development is naturally more complex on the mainland than in Hong Kong. The Hong Kong government does not only state its support for SEPs, they also encourage them to play an active part in forming society. In contrast, SEPs have never been mentioned formally by the government of mainland China (British Council 2008: 37). The only connections between the government and the field can be established through some of the large, officially registered organizations such as the China Social Entrepreneurship Foundation in Beijing.

Hence, many initiatives are taken independently of the government. And although there is not a market yet, there is a fruitful base forming within many, vastly spread-out grassroots initiatives. Young people are starting

¹⁵ A list of SEPs in Hong Kong is available at: <http://sebc.org.hk/sebc/eng/files/share/file/SEdir0910.pdf> [Accessed February 25, 2010]

activities in self-organized organizations (such as SIP¹⁶, AIESEC¹⁷ etc.), or acquiring knowledge in all different kinds of programs (such as those organized by SERC or the British Council). Foreign SEs introduce ideas and approaches to the country (e.g. microcredits), and materialize them in real projects (Wokai, Shokay). International organizations become increasingly connected with the local actors (Ashoka, Skoll Foundation, etc.; see the Appendix for more details).

All these activities seem to emerge within the big cities. The fact relates to a mechanism of the Net, to which Castells also refers as the 'space of flows'. It is defined by three dimensions, of which two are important here: The first is the circuit of electronic exchanges, the infrastructures that enable global real-time interaction. The second is constituted by the nodes and hubs for the space of flows, which establish themselves in accordance with the high maintenance intensity of these circuits. Beijing, Shanghai, Guangzhou or Chengdu are forming these hubs of the movement, while the “[...] lack of information exchange and connection with [the] outside world [...]” (British Council 2008: 4) hinders the cities of the mainland from catching up with the trend. This concentration both reflects the dependency on technology, which is available most readily in hubs, and the logistical need for social movements to concentrate many activities in actual places. While the movement as such can spread over the Internet and other ICTs, there remains a need for physical activities that turn the ideas of the movement into reality. At one point, real persons actually have to gather in real places. The large coastal cities are huge international meeting points. The third of Castells’ dimensions is constituted by the elites of different networks. They will not play a role in this thesis, but will be mentioned here.

The fields covered by the work in the hubs embrace both the local problems and the problems of the other regions, such as in smaller towns and in rural areas. The hubs are used as platforms, from which activities are organized. While in Hong Kong, as has been mentioned, these activities are most importantly dealing with poverty. Steve Koon (interviewed January 14, 2010) defined a set of four fields or markets to be tackled by SES in mainland China at the moment:

1. Aging population

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http://www.socialinnovationpark.org/index.php?option=com_content&view=article&id=142&Itemid=89 [Accessed April 22, 2010]

17 <http://www.aiesec.cn/project/article.jsp?id=13> [Accessed April 22, 2010]

2. Special education for disabled people
3. Village economic development
4. Village women's employment

The first point relates to a rapidly changing population structure. The one-child policy has caused a severe shift in the ratio of young and old people. At the same time, familiar traditions such as elderly care are losing influence. Social innovations are needed for tackling the various related problems. Another topic is also gaining importance: disabled people in China, who have been disregarded for a long time. The third point engages the huge problem of inequality, especially between the cities and the countryside. The fourth point is related: it deals with gender inequality, which remains another key topic in China.

Existing Approaches in China

Interestingly, non-native entrepreneurs, mostly from the United States and other Western countries, have entered many of these SES emerging markets in the first round. However, approaches are mushrooming today, and creative power is unleashed among the active groups. Workshops such as those by Steve Koon bring whole lists of ideas, some more interesting than others.¹⁸ This paper cannot review all these existing approaches and ideas. I have selected some of the most thought-provoking ones, and their detailed descriptions can be found in the Appendix. The variety of approaches represents the vastness of the spectrum of ideas, which are only related through the concept of SES. I would recommend the reader to have a glance at it.

However, I would like to present here at least some general statistical data, which was provided for Hong Kong by the Hong Kong Social Business Center. At the end of May 2008¹⁹, it there were approximately 100 NGOs and private companies operating 284 projects of SEPs.²⁰ The database of SERC²¹ calculates about 25 approaches in mainland China. However, this list is not complete, and covers some cases that are operating in a similar fashion to NGOs. Steve Koon (interviewed January 14, 2010) estimates the average ratio of self-finance for the mainland at 30 percent, leaving the need for funding at 70 percent. What these lists do not cover are all the smaller and

18 A short report of such a workshop can be found at: www.chinasuccessstories.com/china-csr/social-entrepreneur-profile-steve-koon/ [Accessed January 27, 2010]

19 Unfortunately I did not find more recent data.

20 <http://sebc.org.hk/sebc/eng/node/64> [Accessed April 22, 2010]

21 <http://www.sebc-china.org/liste.asp?id=11> [Accessed March 12, 2010]

larger scale activities on the web. Although I have mentioned more often the important role of ICTs, I would like to elaborate on them in more detail. Ultimately, they are largely responsible for the rapidly increasing community of people dealing with the principals of SES.

The Role of the Internet

It might be valid to claim that all of the currently existing grassroots approaches of SES are to some extent organized via the Internet: Many approaches of SEPs are directly based on Internet-related tools. They have to communicate their mission in order to achieve support. They have to be able to network with peers. They often need to connect their local approaches with clients and customers around the world. Research centers have to learn about potential research objects, and students are using the Internet as a source of information and motivation. And they want to do this quickly.

One could say that the Internet causes the emergence of a complex web of actors, ideas, and interests. Using Castells' framework, the informational mode of development is characterized by

“[...] a flexible, pervasive, integrated, and reflexive, rather than additive, evolution. The reflexivity of the technologies, the fact that any product is also raw material because both are information, has permitted the speeding up of the process of innovation.”

(Stalder 1998: 3)

Under these circumstances, or within the “[...] paradigm of informationalism, networks are the superior way of organizing social action, independent of the purpose of action” (Stalder 2006: 30). That also means, that “[...] the most efficient actors lobbying for environmental protection will likely be organized as networks” (Stalder 2006: 31 f.). A study researching this question was conducted by Yang Guobin (2007) about civic organizations. He concludes, “[...] that the Internet has had special appeal to relatively new organizations oriented to social change and indicates that a 'web' of civic associations has emerged in China” (Yang 2007: 124).

This impression is shared by members of the British Council. In their report, they highlight the good communication practices with stakeholders employed by SEPs, and also their ability to attract support from volunteers or employees (British Council 2008: 1). I would like to make these abstract facts more solid by applying an approach by Bloom & Dees (2008), which divides

the practices of SEs to bring about 'ecosystem change' in four categories. They call them the four Cs: Coalitions, Communications, Credibility, and Contingencies.

The first C, Coalitions, refers to the finding which says that systemic change is much more likely to be achieved by coalitions of organizations than by single actors. These have to find and attract each other, agree on common strategies and leaders, and readjust their approaches if necessary (Bloom & Dees 2008: 52). An exemplification of how this potential can be used is the platform WeCanCompete (www.wecancompete.com) by Zhang Jiawei. He states in his mission that he wants “[...] to have a worldwide competition to connect youth and students around the world, in which everyone has the opportunity to compete” (translation by author). The platform not only provides plain information, but also makes this information “sticky” by challenging the target groups on a personal level. A similar approach is conducted by the international student organization AIESEC²², which is particularly active in the field of SES all over China. Such competitions regularly connect single actors such as students, organizations such as universities or NGOs, and also private companies such as consultancies.

In terms of the second 'C', Communications, Bloom & Dees point out a key to success is framing the issues at stake in such a way that it generates support by using common values or by appealing to different aspects of self-interest of other actors, such as companies or the state (Bloom & Dees 2008: 52). The communication is fostered through various channels in China. Besides the spread via interest groups, organizations and forums play an important role. Many organizations, especially in Hong Kong, are running sophisticated platforms, which offer huge amounts of data about existing approaches, concepts, and ideas. I have already mentioned one of the oldest in China, the Hong Kong Social Entrepreneurship Forum (www.hksef.org).

It also seems that ideas are able to spill over to more general forums, where they might reach persons that have not previously been interested in the topic. As Yang found out:

“Indeed, my own online ethnography indicates that there is some degree of cross-fertilization between the BBS (Bulletin Board System) forums run by civic organizations and the nationally popular ones. The cross posting of messages between these two types of forums is a common phenomenon.”

(Yang 2007: 134)

22 <http://www.aiesec.cn/project/article.jsp?id=13> [Accessed March 3, 2010]

It is therefore not surprising that Chinese activists are using countless blogs for promotion and discussions. I would like to mention only one particularly interesting blog here, which is called China Social Entrepreneurship.²³ However, communication is not only important when it comes to the spread of the concept in general. The Internet also provides information to those who are already involved. SEPs themselves rely on transparency, which has to be communicated to customers and supporters. This in turn creates trust and Credibility, the third 'C'.

In the center of this aspect stands the subject of social accountability, which has not yet been discussed. Many approaches have been established, fostering the slow emergence of reliable standards. An early study by Simon Zadek (1998: 1436 ff., cited in Nichols 2005: 5) established a list of principles. A more recent approach is the one by McLoughlin et. al. (2009). The demand is constantly increasing, since important stakeholders such as foundations, the public sector, venture partners from the private sector, the media, and also single, engaged individuals put pressure on the provision of reliable impact data (Nichols 2005: 6). The results are novel forms of communicating credibility. A good example is the highly personalized approach of funding by the micro credit organization Wokai (www.wokai.org), through which the user enjoys a very high degree of transparency.

The last 'C', Contingencies, is related to the already discussed reflexivity of information technologies. Social systems are at least as complex as biological ones. Hence, creating a calculated impact from scratch is actually impossible. There is a need for experiments and learning. The results of a former approach become part of the subsequent approaches (Bloom & Dees 2008: 52). The product of processing information is information, thus products are always raw material for new products. As Yang puts it, the Internet is not a resource like office space, but a “resource-generating resource.” (Yang 2007: 139). It helps to generate both organizational visibility and social capital, which lead to the generation of other kinds of resources, for example, grants or the attraction of human resources.

Also, the speed of innovation is accelerated enormously that way (Stalder 1998: 303), a fact reflected in the growth rate of industries relying on such reflexive knowledge. This also holds true for SES, where growth rates have been larger than in the overall economy for a long time (Nichols 2005: 3). As Bill Drayton points out, “[...] the citizen sector is halving the gap between its productivity level and that of business every 10 to 12 years. In fact, the sector is now generating jobs two-and-a-half to three times as fast as business is” (Bill

23 <http://chinasocialentrepreneurship.blogspot.com/>. [Accessed March 3, 2010]

Drayton 2010a). Hamm (2008: 48) compares the phenomenon to an industry just starting to take shape. The same has happened during the early days of the automobile or computer industries. Countless small start-ups are trying out a huge variety of approaches in order to figure out what works and what does not work. He therefore demands a climate in the field of SES that can compare with the one in Detroit in the 1920s or in Silicon Valley at the end of the last century. But there is an important difference in the world today, as Bill Drayton explains:

“Henry Ford and his small group of managers did all the thinking and told everyone else what to do. This command-and-control approach works in a relatively static world where most tasks are repetitive — such as building cars on an assembly line. It does not work in today's fast-paced, change-is-the-name-of-the-game world; and it will not work tomorrow.”

(Bill Drayton 2010a)

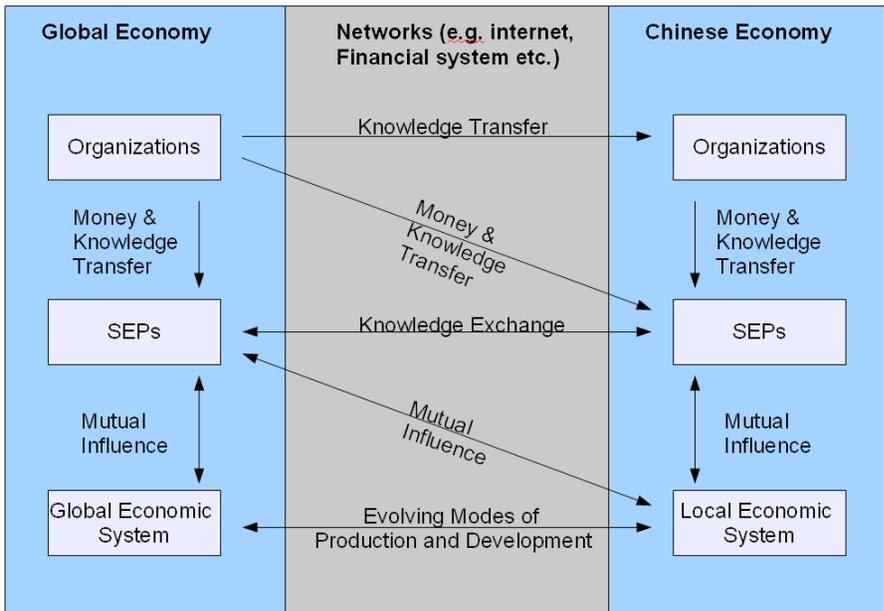
The progress of SES is thus relying on networks. The knowledge and experiences are concentrated in global hubs such as the Social Innovation Exchange (www.socialinnovationexchange.org). Here, ideas, opinions, and experiences can be publicized and discussed. A similar function is also performed by the many local platforms in China, especially in Hong Kong, which are providing huge amounts of relevant data. The reader might check the list of such approaches in the Appendix.

Summary

“This new economy is informational because the competitiveness of its central actors [...] depends on their ability to generate and process electronic information. It is global because its most important aspects [...] are organized on a global scale, directly through multinational corporations and/or indirectly through networks of associations.”

(Stalder 1998: 303)

The insights discussed during this chapter are graphically represented in the graphic below. At this point, the reader should have a sense for SES as a social movement and its background. The next chapter will delve into the analysis of the movement's conditions of success and failure.



Graphic 4: Chinese SES in the Global Net

Analysis: Can SES Become a Social Force in China?

Introduction

Until now, I have discussed the development and status quo of the movement. I did that from a sociological macro perspective, complemented by personal observations and individual accounts of the actors. I thereby delivered a descriptive account of the movement's actual state. From such a point of view, we can get the impression of history as a predetermined stream of macro events: the Net, the Self, and the nation-state are co-evolving in a complex relationship, the result of the interdependent actions of billions of people. Nobody is in control of this complex process. Society appears as an uncontrolled, independent, and self-sustaining system (see e.g. Luhmann 1984).

However, this does not mean that individual choices do not count. It rather means that history opens up conditions for certain kinds of events. From the above and from the macro perspective I have chosen so far, one can see the bigger structures of these conditions. These structures in turn reveal the opportunities contained within them. We have already come to the general conclusion that this is a time for social movements. However, there are many

different kinds of such movements, and all of them will succeed and fail according to their own specific terms. Can SES become a success, or will it belong to the uncountable approaches most people will never hear about?

This last chapter will analyze both, the specific terms that are supporting SES to become a social force in China, and those that are limiting this potential. Castells has provided us with a general understanding of the phenomenon's nature and conditions. In addition, I will consult insights from current social innovation theory, which will help with the more specific questions of the success and failure of the movement. The insights will finally result in recommendations for people in the field.

The Logic of Social Innovation

On an analytical level, we have to discriminate between social innovation used as a means to solve social and environmental problems, and SES as a social innovation in itself. The former is outside the scope of this paper. The reader can get some ideas about single innovations in use by social entrepreneurs from the Appendix. I will concentrate here on the movement of SES as such. A successful social movement is ultimately nothing more than a large-scale social innovation.

What does social innovation mean more specifically? According to a working paper of the Young Foundation by Geoff Mulgan (2006), a simple but practical definition is: “[...] new ideas that work in meeting social goals” (Mulgan et al. 2006: 8). The social goal in the case of SES would be a sustainable mode of production. Zhang Jiawei, President of Social Innovation Park (SIP) China Chapter, and founder of WeCanCompete, (interviewed February 1, 2010) pointed out that social innovation could happen anywhere. Government, NGOs, and businesses are all potential actors in this field. Having Castells in mind, it is not surprising when Mulgan et al. (2006: 12) state “[...] most of what we now count as progress has come about through the mutual reinforcement of social, economic, technological, and political innovations.”

Generally speaking, many innovative ideas have to pass through three stages of new 'truth' that were identified earlier by Schopenhauer. After being ridiculed in the first stage, the new idea is violently opposed in the second stage, until it becomes accepted as self-evident in the third one (Mulgan et al. 2006: 4). But how does a social innovation begin? What Mulgan et al. call the 'connected difference' theory, embraces three dimensions:

Firstly, social innovations are usually new combinations of existing elements. This is true for SES, since it combines aspects of NGOs and

corporations. Secondly, they have to cut across “[...] organizational, sectoral or disciplinary boundaries” (Mulgan et al. 2006: 5). This is also true for SES, since it gathers people from all academic and societal fields. Thirdly,

“[...] they leave behind compelling new social relationships between previously separate individuals and groups which matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations.”

(Mulgan et al. 2006: 5).

It is this last point that, although we can already observe it on a small scale, will have to be the focus for any activist. In order to figure out the conditions under which these goals can be reached, I will now categorize the obstacles of the movement.

Awareness of the Main Obstacles

Mulgan et al. provide a framework through which the encountered resistances in established systems become more pronounced. They are categorized into four aspects: interests, efficiency, mindset, and relationships.

Starting with the first and last point at the same time, interests and relationships, individuals of both the government and those in high positions in the economy might have interest in maintaining the current state of affairs. Castells’ theory provides an idea of how the mechanism might work: Generally, social movements are conflictive or oppositional in nature. I have argued before that this is a debatable question in the case of SES. Many approaches are neither in conflict with the government nor with the economy. However, some are, and the government might still find reasons to critically observe the movement. In any case, if a social movement succeeds, it disappears by being absorbed into the renewed power structure. In the case of SES, this would lead to a somewhat transformed mode of production. However, this also means that SEs *have to* come into conflict, at an earlier stage to this point, with those “[...] whose values have been inscribed in the dominant social institutions” (Stalder 2006: 80).

In China, social institutions are powerful. Qiao Huichao (interviewed January 24, 2010) is therefore rather pessimistic. As he asserts, banks are in the state’s hands and big companies have tremendous influence on politics. In return, they are protected and nourished, making it hard to compete with

them. The government also controls the Internet, preventing it from fulfilling its whole potential. In Yang's study about civic organizations and the Internet, political control by the state in addition to problems with service providers were among the major complaints (Yang 2007: 139). One of my own examples relates to Wokai. Jon Wyler (interviewed April 8, 2010), an associate of the organization, puts government-control related problems at the top of their list of obstacles: "Generally, the government is distrustful of grassroots NGOs such as Wokai, and the financial sector has very strict regulations. We're getting hit from both sides." As Bill Drayton (2010b) explains, the legal status of SEPs is not only disturbing in terms of taxes and legal operations, but also in terms of financial resources (Bill Drayton 2010b).

But there is also another, more systematic point that has only little to do with oppositional behavior: efficiency. This second aspect refers to the fact that existing systems are indeed often more efficient than the new alternative at the time of its introduction. "[I]n any social system different elements have optimized around each other over time" (Mulgan et al. 2006: 17). Zhang Jiawei (interviewed February 1, 2010) points out that many in the field of SES are still lacking the necessary knowledge to be successful. This also holds true for Hong Kong. Since many approaches fail, foundations hesitate to fund inexperienced students. In a vicious circle, many well-educated students avoid the field. This circle has more elements. The lack of knowledge is partly an outcome of the current education system, which instead grooms people to succeed in the current mode of production. SES demands at least partly a different set of skills, and also a different set of implicitly transported norms and values.

This leads us to the third aspect: the mindset. I have discussed the reasons for business and economics students' hesitant position towards SES. Their values and norms are in conflict with the concept. It has to be very clear that the system as it works today is still "[...] part of peoples' sense of identity" (Mulgan et al. 2006: 18). This identity lacks an awareness of the various social problems in the country. As Qiao Huichao (interviewed January 24, 2010) told me, the present-day obligatory courses in CSR in Chinese business programs are disliked and under critique by the students. This problem is reflected in an article in *SE Social Entrepreneurs* (November 2009: 60), which carries the title: "Who will come to fill up the black hole of human talent before the big development of funds?"

The problem of human resource appears to be similar in Hong Kong, although less severe. Patrick Boström (interviewed February 5, 2010), a co-founder of ICE, is studying business at Hong Kong University. As he puts it,

the city is driven by finance and business, which channels students into more profitable jobs than those of SES. However, he perceives a rising motivation in many students of various backgrounds, a motivation that is also provided by workshops held at the university and by the rather small community of people dealing with the subject.

Qiao Huichao saw further problems of norms and values from a perspective that I would consider as 'marketing' related. As he states, most problems and respective approaches are lacking a good and visible story. The Sichuan Earthquake had powerful pictures, but people do not feel the same compassion in many other cases, and thus do not change their habits. They also might like the ideas, but then only buy a certain product once and return to their old patterns. Li Ding (interviewed January 19, 2010) therefore concludes that there is a lot of talking in China right now but so far not much development. The common mindset has not yet changed. After this discussion, a change appears almost impossible. Is there any chance of changing this constellation?

Positive Forces

Generally speaking, the answer can be found in the constantly changing nature of *any* environment and system. Any system becomes less optimal over time and reveals weaknesses, as systems are inherently unstable (see Luhmann 1984). Indeed, the social movement of SES would not materialize if the current system was not exposed to the risk of failure. Climate change, unemployment, inequality, and the aging population are all factors of change of efficiency and interests. The development of the Net has altered everything. Old relationships come under strain within this changing context, and mindsets react to the threats related to it (Mulgan et al. 2006: 19). "Chinese leaders are well aware that refusal to reform state institutions and open the economy to market forces will result in a reduction of foreign direct investment (FDI), trading opportunities, and access to technology" (Knight 2008: 146). This also accounts for the emerging market of SES. It is therefore the task of social movements to figure out the openings within the old status quo, and to fill them with new content. What are the new elements that could be exploited?

From the insights above it becomes obvious that one important factor for the potential success of SES in China is the exploitation of new information technologies. Yang, who is highly concerned with social movements, describes it as such: "Technological change may provide new opportunities and resources for organizational development and institutional transformation"

(Yang 2007: 123). However, what is equally important, maybe even more important in the future, are factors related to changes of the 'Self'.

To begin with, no social movement can grow without a supply of human resources. However, the Chinese environment seems to prove fruitful in generating incentives for increasing this supply. As Steve Koon (interviewed January 14, 2010) points out, 20 percent of his students are thinking about starting their own enterprise. The reason for this high level of motivation was expressed by Lan Feifei (interviewed January 24, 2010) as follows:

In her view, SES is gaining more and more popularity. The two driving forces are the job market on the one hand, which is currently dense and not providing enough jobs for young people, and the search for meaning in life on the other. The latter point has been discussed in previous sections of this paper. It results from a mechanism which is characteristic of the information age. Under global competition, welfare states are spiraling down to their lowest common denominators, resulting in a constantly growing lack of identity. "The more the nation-state withdraws from its citizens, the greater grows the need to find alternative sources of identity." (Stalder 1998: 307). This fact holds even more in the case of China, where socialism has so far not been replaced by an equally strong ideology. SES is filling this gap through the ongoing process of constructing an alternative form of identity.

In other words, there is both a positive pull (meaning) and a push (dense job market) factor for SES. This seems not only to be the case for the mainland. Without asking, I heard Linxi Wang, a guest at the Social Enterprise Challenge Hong Kong (interviewed February 5, 2010) expressing exactly the same thoughts about the situation in Hong Kong.

However, not only students provide a source of human resources for the movement. As Pan Tianshu (interviewed December 25, 2009) mentioned, thanks to globalization and mobility of labor, financially powerful expatriates not only bring liquidity into the country, but also spouses with spare time free for charitable activity. In combination with the few older 'elites' of the movement, leading persons such as Steve Koon or Patrick Cheung, they complete the human body of SES.

As argued throughout the paper, these changes of the Net and the Self are highly intertwined. In line with Castells, Yang (2007: 143) argues for an accelerating trend in China:

"When the development of new institutional forms (such as Chinese civic associations) and new technologies (such as the Internet) coincide, their interactions become more than

incidental. The new technologies may become a strategic opportunity and resource for achieving organizational and social change even where there is strong resistance to change.”

It is of the utmost importance for social movements such as SES to become fully aware of this potential, since “[s]uch a strategic opportunity does not always present itself” (Yang 2007: 143).

Besides these fundamental elements, other single factors have a supportive impact on the movement. The organizational form of SEPs provides some advantages over traditional business approaches. Mr. Cyrille Jegu, whom I listened to at the SIP event on February 1, 2010, points out the advantage of small approaches over 'big tankers', since they are more flexible and invent faster.

An explanation for this phenomenon is given at length by Malcom Gladwell. As he highlights, referring to previous research, teams or groups are efficient and harmonious only as long as their size does not exceed 150 members. He comes to the conclusion that there is a “[...] paradox of the epidemic: that in order to create one contagious movement, you often have to create many small movements first” (Gladwell 2000: 192). This is what is happening right now in China. SIP, Aiesec, NPI, and so on are all small and flexible networks, which are, in turn, connected in their commonly constructed goal. Mulgan et al. also suggest alliances between small organizations and entrepreneurs, which they call 'bees' due to their ability to move quickly and across borders, and big organizations are the 'trees', which are able to grow ideas (Mulgan et al. 2006: 19). Some of these 'trees' have already grown in China: they are the bigger foundations. This ability to network with other organizations was also highlighted by the British Council as a powerful position in the information age (2008: 37). Finally, as Steve Koon mentions, SEPs enjoy some factors helping them to compete with for-profit business approaches: next to being innovative, they are holding a unique position from which they receive support from society in terms of funding, loyal customers, and volunteers.

How are SEs Acting on These Opportunities?

How are actors of SES exploiting these potentials? Most innovations do not come from well-planned approaches. “Tinkering seems to play a vital role in all kinds of innovation, involving trial and error, hunches and experiments that only in retrospect look rational and planned” (Mulgan et al. 2006: 22). A study by Kelee Tsai (2007) suggests that what he calls “adaptive informal

institutions” can emerge through the single activities by many entrepreneurs on a local level.

“[I]nformal institutions serve an important intermediate role in explaining the process of endogenous institutional change. More specifically, the causal mechanism underlying the flexibility of formal institutions stems from the often informal interactions between various state and non-state actors at the local level.”

(Tsai 2006: 5)

What he proposes here is that these single actors are often creative in finding ways to go around the established institutions, for example in finance²⁴, and solve the problem unobserved by the state. However, as soon as these informal institutions become widespread, they affect the legislation on the higher level and enforce change. To make this idea a little bit more tangible, I would like to call to mind the case of Wokai, which also found ways to provide loans to poor people. As Jon Wyler (email contact April 8, 2010) writes:

“In China the government has a say in every aspect of what you do, and since we do not have a fully registered Chinese entity we have no operational rights here, which is not too much of a problem since we basically provide loan capital for our partners and don't do the lending ourselves. [...] [I]f the regulations on cash repatriation were eased we could start a real lending model for our contributors rather than the donation model we have for the moment.”

SEs may therefore also find these kinds of ways to engage in “[...] social innovation including legitimation, monitoring, comprehensive investigation, capacity building, funding, and other vital resources” (British Council 2008: 7).

SEs seem to be aware of their task, and how to fulfill it. The common vision is one important element, and its construction is carefully guided by the leading characters of the movement. It is important to find the right descriptions for the problems. As Gladwell mentions: “We throw up our hands at a problem phrased in an abstract way, but have no difficulty at all solving the same problem rephrased as a social dilemma” (Gladwell 2000: 257). In addition, skills, ideas, and knowledge are needed. According to

²⁴ Examples exist all over China. I obtained contact with an SE who is building such finance rings at an event I attended, but have to keep his name anonymous.

Mulgan et al. (2006: 21), empathy is the best starting point for recognizing problems correctly, while an ethnographic approach is often more relevant as a formal tool than statistical data. Bill Drayton summarizes:

“To be effective in this new world, you will need to master the skills of empathy and teamwork, as well as leadership and driving change. You will need to know how to function in a world that is not a hierarchy but a kaleidoscopic global team of teams, with no boundaries between sectors and change that happens at an escalating pace.”

(Bill Drayton 2010a).

Conclusion

The conclusion will be organized in two parts: The first one contains recommendations, which are based on the analytical insights from above. They will implicitly summarize the key factors for a potential failure or success of SES. The second will draw on the broader implications of these aspects for the further development of SES in China. Both parts reflect key aspects of my thesis, and I hope that they will be of help to people in the field of SES in China and elsewhere.

Recommendations

1. Identity is the strongest incentive for people to join a movement. Social movements employing this insight have a competitive advantage in attracting members. One of the most important insights for SES here is to avoid the attempt of promoting the movement by elaborating on fear, using paroles such as: Climate change will come! Welfare will disappear! The movement will become a success only through the provision of an attractive alternative to other existing options of identification. It is important to realize the constructive nature of this identity, which is formed in interplay between the elites and the broader movement of SES. Hence, actors might actively sharpen the Chinese concept in accordance with specific local needs. Here is just one idea I have touched upon earlier (which cannot be developed further in this paper): The study by Dan (2008) reflects the 'spiritual crisis' of Chinese citizens, in which Tibetan Buddhism rises

as a provider of meaning and identity. Since values of SES are vastly in line with Buddhist thought (for connections of economics with Buddhism see e.g. Guruge 2008), the establishment of some kind of connection between the two might turn out to be very powerful.²⁵ For ideas such as this and the spread of the concept in general, methods of campaigns can be exploited more systematically than at the moment.

2. Mass membership, demonstrations, petitions, consumer boycotts, logos and slogans (Mulgan et al. 2006: 10) are not all as easily conducted and implemented in China as in many other parts of the world. However, the Chinese culture should make a fantastic playground for causes to draw on, now when the whole country claims to embrace 'capitalism with Chinese characteristics'. Stickers and slogans might help to raise the interest of more people, especially in the student community. They should correlate with the need for meaning, and be in line with the insights from research about the current values and ideas of students. (See study by Pan Tianshu²⁶). They will work best if conveyed through exceptional persons.
3. In most movements certain people play outstanding roles in spreading ideas and building connections²⁷. People such as Steve Koon or Patrick Cheung are two specific examples. However, the more such persons work for a movement, the better its development. Professors in business and economics or relevant people in the government might turn out to be powerful partners. At the same time, the concept should try to provoke the government as little as possible, which is a difficult task.
4. Especially in the current stage of the movement, actors should search for strategies creating win-win solutions. In reality, a good start is to solve problems everybody is interested in: the aging population, poverty, unemployment etc. A threat from the side of the government, which might decide to co-opt the movement, is constantly presented. Two factors have to be kept in mind, which are

25 This idea also bears a risk. As the example of Falun Gong has shown, religious issues have to be dealt with carefully. SES should definitely avoid becoming religious itself. Previous experiences and the specific role of Buddhism in China have to be studied in detail. See e.g. Thornton (2000).

26 For details please contact Pan Tianshu at Fudan University.

27 I recommend Gladwell (2000) for more and very interesting insights about persons he refers to as connectors, mavens, and salesmen. As he puts it, "[...] the information age has created a stickiness problem" (Gladwell 2000: 99). In his view, theories about 'social epidemics', through which new ideas and therefore also social innovations spread, are not deeply enough concerned with the problem of immunity (Gladwell 2000: 273). He therefore concludes that "[...] when people are overwhelmed with information and develop immunity to traditional forms of communication, they turn instead for advice and information to the people in their lives whom they respect, admire, and trust" (Gladwell 2000: 275).

partly protecting the movement from such as step. Firstly, the difference between 'normal' business and social business is, due to the intangible nature of the 'spirit' of SES, hardly visible. Theoretically, the movement could operate 'undercover' within the economic system, although the concept would spread with much more difficulty. Secondly, the current organizational form of uncountable small approaches is hard to monitor.

5. The creation of more networks and encouragement of small approaches to tinker with solutions is therefore advisable. This might attract useful informal institutions. These in turn might become mainstream in the future. It might also create an incentive for the government to provide a legal framework, which is of special importance in the field of finance. However, this step is connected to the risk of co-option again. Nevertheless, a parallel development of legal and undercover approaches remains conceivable.

Implications

My thesis has shown that the search for identity by young SEs is not an independent, randomly appearing social phenomenon. It is closely intertwined with the changing global environment and yields in the formation of social movements. This fact might have some further implications.

Castells puts much hope in such movements “[...] to develop new forms of identity and democracy” (Stalder 1998: 307). In my thesis, I have touched upon this latter point only in an indirect way. The critical standpoint of the state towards social movements originates in its fear towards a democratic push. Its dominant position as a provider of identity and social services is finally related to its legitimacy. Other research has been conducted on this topic in depth, and more research might be conducted on the specifics of SES in these terms in the future. One crucial question will be whether or not the pluralization of actors *actually does* mean more democracy.

Regarding experiences from the 'West', where social services have been outsourced to private actors without clear signs of democratic improvements, some might even argue for an adverse effect. Decreasing transparency in the social sector combined with dwindling influence of democratic governments might be the key elements of their line of argument. In China, however, the situation is different. The government has not been established on a democratic basis. This paper has to leave this question open. The only thing I would like to conclude from my own research is that an opening of the social

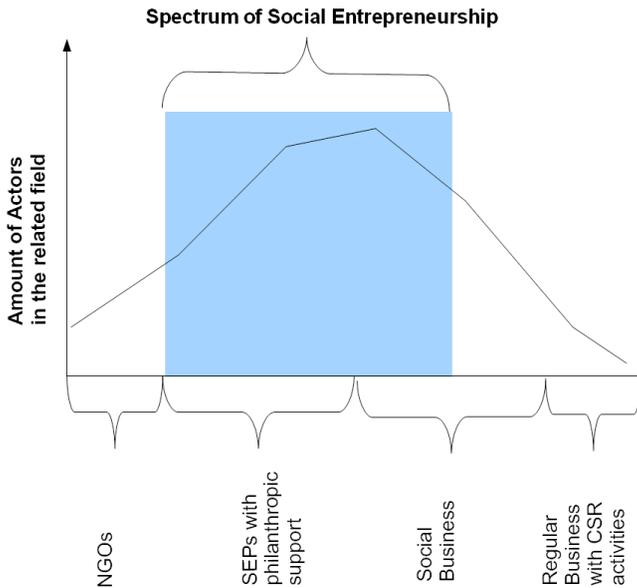
sector to non-state actors yields both benefits and risks for the government, and also for a potential future process of democratic development.

However, SES is still operating at an early stage, where long-term implications are mostly relevant in theoretical terms. As Mulgan et al. (2006: 28) describe the stages of innovation in social movements, they generally

“[...] start out with small groups seeking likeminded allies, animated by anger or hope. They then develop into more organized campaigns that try to demonstrate the four key attributes of any successful social movement: worthiness, unity, numbers, and commitment.”

Only in the last phase, when legislation, habit, and values within society change, do they really succeed. This would also lead to an alteration of the mode of production, but, in the interest of the movement itself, only to a degree that is not undermining the foundation they are based on: the selectively used technologies, such as the Internet, which have been a product of capitalism themselves.

What might such a black swan look like? Instead of having few huge and multinational corporations, the economy of the future might be constructed as a highly interrelated network of mostly locally operating associations. And also the government would have to undergo changes. For the Chinese case, the British Council suggests a shift from a “[...] control-oriented administration to a service-oriented administration [...] (British Council 2008: 38)”, which will create demand for public services offered by civic organizations. The way to such a world might be induced from the bottom-up, by establishing adaptive informal institutions, which lead to formalization only later on in the process. All factors will play a role in this complex development. “A new society emerges when and if a structural transformation can be observed in the relationships of production, in the relationships of power, and in the relationships of experience” (Castells 1998: 340, as cited in Stalder 1998: 302).



Graphic 5: Distribution in a Transformed Mode of Production (by author)

The biologist Elisabeth Sahtouris (as cited in Benell 2005: 19) has created a colorful picture of such a scenario: Similar to developments in a body of a caterpillar, tiny cells are appearing undetected by the immune system. These cells become more and more connected in the process, and finally become powerful enough to overwhelm it, which leads to the creation of a new body: the butterfly. If the cells are representing the first SEPs and organizations, the butterfly represents a new economic order. However, these are only visions, single possibilities among uncountable others. Black swans remain a mystery of the future, and so do butterflies.

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List of Interviewees (Historical Order)

Pan Tianshu, Professor at Fudan University. Notes taken during the interview, December 25, 2009.

Anonymous, two Government Officials from the Higher Administration Level in Shanghai. Oral communication during a dinner, January 10, 2010.

Steve Koon, Chairman of the Social Enterprise Research Center (SERC) in Shanghai, Mason Fellow at the Kennedy School of Government, Harvard University, and Lead Consultant for British Council's China Social Entrepreneurs Skills Training Program. Notes taken during the interview, January 14, 2010.

Li Ding, Deputy Director of the Non Profit Incubator (NPI) in Shanghai. Notes taken during the interview, January 19, 2010.

Li Huiping, Program Officer at the Non Profit Incubator (NPI) in Shanghai. Notes taken during the interview, January 19, 2010.

Qian Huang, Program Officer at the Non Profit Incubator (NPI) in Shanghai. Notes taken during the interview, January 19, 2010.

Qiao Huichao, Research Assistant at the Social Enterprise Research Center (SERC) in Shanghai, Master Candidate School of International Business Administration, Shanghai University of Finance and Economics. Notes taken during the interview, January 24, 2010, email contact, March 10, 2010.

Lan FeiFei, Research Assistant at the Social Enterprise Research Center (SERC) in Shanghai. Notes taken during the interview, January 24, 2010.

Zhang Jiawei, President of Social Innovation Park (SIP) China Chapter, Founder of WeCanCompete. Notes taken during the interview, February 1, 2010.

Anonymous, visitor at the SIP event. Notes taken during the interview, February 1, 2010.

Patrick Cheung, Interim Country Representative for the People's Republic of China of Ashoka in Hong Kong. Notes taken during the interview, February 5, 2010.

Patrick S. Boström, Social Business Associate, Young Drucker Undergraduate, Hong Kong. Notes taken during the interview, February 6, 2010.

Zhang Xingjian Nicholas, Internal Vice President of The Hong Kong Award For Young People. Oral communication during an event, February 6, 2010.

Linxi Wang, student at Hong Kong University, Social Enterprise Challenge Hong Kong Guest. Oral communication during the event, February 6, 2010.

Law Wai Hung, Founder and Chair of ICE Inter Cultural Education Center. Notes taken during the interview, February 6, 2010.

Anonymous, Official of the Chinese Commission of Commerce in Shanghai. Phone call and email contact, April 2, 2010.

Jon Wyler, Wokai Associate. Email contact April 8, 2010.

Samuel Xu, Shokay shop manager Shanghai. Email contact April 21, 2010.

Appendix

Description of Social Enterprises in Hong Kong and China

The **Senior Citizen Home Safety Association (SCHSA)** (www.schsa.org.hk) was founded in 1996. The company aims at fulfilling the needs of Hong Kong's elderly and ensures their safety and proper level of care. They provide 24-hour support, respond to psychological and physiological needs, establish a network of volunteers to enhance their service, and fill in the service gap left by the existing resources. According to Patrick Cheung (interviewed February 5, 2010), SCHSA counts as the leading SEP in town. It belongs to the kind of approaches in which the customers benefit.

The **Fullness Hair Salon** (www.fullness-salon.hk) belongs to the category that serves the employees directly. Fullness educates young people who are having difficulties finding jobs as hairdressers. Through education and work experience these youngsters are becoming integrated into society.

An approach in which both sides benefit is **Dialogue In The Dark** (www.dialogue-in-the-dark.hk), which originates from Germany, but has spread to many locations in 26 countries around the world. The branch in Hong Kong, which I happened to visit on its opening day on February 5th, 2010, is its most recent sign of success. In brief, visitors are guided through a world in total darkness, where they experience both their own senses in a new way, while getting close to visually impaired people. The social business's mission is threefold: bridging the gap between disabled people and the rest of society, creating jobs for the visually impaired, and raising awareness and tolerance in society towards disadvantaged groups.²⁸ All of these Hong Kong based businesses are able to sustain themselves, and count as social businesses. Although the success rate is lower on the mainland, examples do exist.

Shokay (www.shokay.com) is a textile and clothing company, which sources its yak fibers from Tibetan herders. Its impact is fourfold: Firstly, a direct income is generated for an impoverished part of society – herders and knitters within the Tibetan region. Secondly, they preserve the local culture of these people by increasing the economic value of yak rearing. Thirdly, the product itself promotes a sustainable way of using the environment, and fourthly, the

28 <http://www.dialogue-in-the-dark.hk/html/en/AboutUs.html>. [Accessed April 4, 2010]

whole local community is profiting from the reinvestment of profits through Shokay's community development program.²⁹

A very similar approach to Shokay's is that of **Xingeng** (www.xingeng.org). The company educates local people in traditional handicrafts, and sells the products via different channels, including the Internet.

Wokai (www.wokai.org) is working in a completely different, but very typical field of SES: micro-credits. The company provides small loans (out of necessity in the form of donations) to the rural poor of China. A detailed description of their work can be found online.³⁰ Here I would just like to present an additional piece of information, which was provided by Jon Wyler (interviewed April 8, 2010) about Wokai's financial sustainability. At the moment, Wokai remains partly dependent on donations, since 100 percent of the donations for loan capital reach their target group, the rural poor. However, they added the option of a ten percent donation at the end of the checkout process, which is supposed to make them self-sustained within three years' time. Another enterprise in the field of micro-lending is called **Qifang** (www.qifang.com), which provides loans to students in need, and thereby increases the level of education of Chinese young people.

I would like to end this small selection with an example from the realm of NGOs rather than SEPs. It exemplifies the fact of diversity, and increases the understanding of the fact that it was not obvious or natural to join all these approaches under the roof of one concept. SES is a construction, an identity that is still in the making, sharpening its values and goals. **1 Kg More** (www.1kg.org) encourages travelers to bring useful items to the Chinese countryside, such as books. It rests on three principals: pass, exchange, and share. While pass refers to the request to bring a small gift for children in the impoverished areas, exchange refers to the insights both sides can achieve through the subsequent contact. The traveler is then asked to share his or her experience on their webpage.

29 http://www.shokay.com/shop/information.php/info_id/77. [Accessed April 4, 2010]

30 www.wokai.org/ff/about/index.php?page=howitworks. [Accessed April 4, 2010]

Description of Meta-Institutions in Hong Kong and China

The China Social Entrepreneur Foundation (www.youcheng.org) was established in 2007. Its main goal is to eliminate poverty, both in the material and spiritual sense. The foundation aims, besides others, at connecting entrepreneurs with aid recipients in order to improve China's anti-poverty philanthropy. The idea is to link “[...] a supporting non-governmental sector and a leading governmental sector” (China Social Entrepreneur Foundation 2007: 6). However, it also claims to engage substantially in the field of SES, as it “[...] seeks to serve as a cradle of more SEs and an incubator of SEPs” (China Social Entrepreneur Foundation 2007: 8). I learned from Zhang Jiawei, President of Social Innovation Park (SIP) China Chapter, Founder of WeCanCompete (interviewed February 1, 2010), that most of this money is going towards projects by the British Council.

The **British Council** (<http://dsi.britishcouncil.org.cn/sfse.jsp>) is situated in Beijing. It provides a variety of research material, training, and networking opportunities. One goal is to educate 600 SEs in workshops until 2012, which is greatly praised.³¹

Also situated in Beijing, the **Fuping Development Institute** (www.fdi.ngo.cn) was established in 2002, and is active in a whole range of different fields. However, it recently also engaged in the field of SES, and counts as its core business the provision of small loans and entrepreneurial training, including those for SEs, supporting small business investments and management, and also supporting the networking of SEs.

In Shanghai, I visited the biggest incubator for SEPs in China, the **Non-Profit Incubator** (www.npi.org.cn). Its main branch is in Pudong, Shanghai, with accompanying branches in Beijing and Chengdu. The Shanghai office is separated in two parts, one for the staff of the incubator itself, and one for the so-called 'eggs', the NGOs and social enterprises being incubated. According to Ding Li (interviewed January 19, 2010), the incubator generally follows the definition of social businesses, although the biggest parts of the 'eggs' are NGOs. That means, incubated SEPs pay no dividends, must follow a social purpose, and have to find their way with only little funding from the side of the incubator. None of their projects has yet grown very big. The start-ups receive consulting, training, and space from the incubator. The NPI is also active in spreading information, through publishing *SE Social Entrepreneurs*.

31 <http://youchange.org.cn/?tag=youchange>. [Accessed April 4, 2010]

Providing information and motivation is also a mission of the **Research Center for Social Entrepreneurship (SERC)** (www.serc-china.org). The center consists of only a few managing leaders of various backgrounds (including Steve Koon), and about 35 additional volunteers, mostly students. Not all of them are as active as my interviewees Qiao Huichao and Lan Feifei. The center tries to build a bridge between students and SEPs. They are sent out in order to conduct research on single cases, of which they build up a public database on SERC's website.³² Until now, about one hundred of such interviews have been conducted, although most of them are, as has been mentioned, NGOs, and not all of them have been added to the list.

It is also worth mentioning the organization **Social Ventures Hong Kong** (www.sv-hk.org), which aims at the provision of financial, intellectual, and human capital support to the local development of social entrepreneurship. What is also very interesting is the development of one of the most important international organizations: **Ashoka** (www.ashoka.org). It only recently started its work in Hong Kong, and has not yet entered the mainland. Its mission is both informational and active, in the form of electing new members in the future. Ashoka members receive various kinds of support for their work, and are usually truly outstanding examples of SEs.

A different kind of activity finds exemplification in the **Social Enterprise Challenge Honk Kong** (www.sechallenge.hk). Students from all over China compete with their business plans over several rounds. As I had the change to visit the final competition day, I also witnessed the tough questioning by the jury, who made sure approaches not only sound good, but also have a chance to survive in practice. The winner of this year was the **Intercultural Cultural Education Center** (www.i-c-e-centre.com) led by Law Wai Hung (interviewed February 6, 2010).

List of Foundations and other Institutions in the Chinese Field

Ashoka – Worldwide, Hong Kong
www.ashoka.org

Bright China
www.brightchinagroup.com

³² <http://www.serc-china.org/liste.asp?id=11>. [Accessed April 4, 2010]

China Social Entrepreneurship Foundation - Beijing
www.youcheng.org/aboutus/english.html

Enterprise Asia
www.enterpriseasia.org

Fuping Development Institute - Beijing
www.fdi.ngo.cn

Hong Kong General Chamber of Social Enterprises
www.sechamber.hk/en_index.php

Hong Kong Social Entrepreneurship Forum - Creating a Social
Entrepreneurship Movement in Hong Kong – Hong Kong
www.hksef.org

HKCSS-HSBC Hong Kong Social Business Center
www.sebc.org.hk/sebc/

Jet Li Foundation
www.onefoundation.cn/html/en/beneficence_01.htm

Mercy Corp.
www.mercycorps.org

Non-Profit-Incubator - Shanghai
<http://english.npi.org.cn/shanghai.html>

NPO Development Center - Shanghai
<http://www.npodevelopment.org/en/>

Schwab Foundation
<http://www.schwabfound.org/sf/index.htm>

Social Enterprise Challenge – Honk Kong
www.sechallenge.hk

Social Enterprise Research Center (SERC) – Shanghai
<http://www.serc-china.org/indexe.asp>

Social Innovation Park China Chapter (SIP) – Shanghai

http://www.socialinnovationpark.org/index.php?option=com_content&view=article&id=142&Itemid=89

Social Ventures Hong Kong

www.sv-hk.org

List of Internet Platforms and Helpful Resources

Ashoka Changemakers 2.5

www.changemakers.net

British Embassy Resources on SES

<http://dsi.britishcouncil.org.cn/index.jsp>

Collective Responsibility/ China Crossroads

<http://collectiveresponsibility.org>

GSEAN - Platform for Green Innovations etc.

<http://www.gsean.org/index.html>

Harvard Business School Social Enterprise Initiative

www.hbs.edu/socialenterprise

Social Enterprise Resource Web, Hong Kong

<http://sebc.org.hk/>

Stanford Social Innovation Review

www.ssireview.com

WeCanCompete

<http://www.wecancompete.com/>

YouCheng – You Change

<http://youchange.org.cn/>

Youth Business Development Competition

<http://mba.sbsblogs.co.uk/student-blogs/youth-business-development-ybd-competition-2009/>

List of Outstanding Examples of Social Enterprises in China

Dialogue in the Dark

www.dialogue-in-the-dark.hk

Fullness

www.fullness-salon.hk

Intercultural Cultural Education Center

www.i-c-e-centre.com

1 Kg More

www.1kg.org

Rabbit King

<http://www.chinarabbitking.com/>

Shokay

www.shokay.com

Xingeng

www.xingeng.org/

Senior Citizen Home Safety Association (SCHSA)

www.schsa.org.hk

Qifang – Student Loans

www.qifang.cn

Wokai – Microcredits to the Poor

www.wokai.org