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The Recent Development of Social Entrepreneurship in China

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Abstract

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Keywords
Social Entrepreneurship, China, Social Impact, Social Innovation

Disciplines
Business | Business Law, Public Responsibility, and Ethics | Entrepreneurial and Small Business Operations

THE RECENT DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN

CHINA

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Business, Entrepreneurship, Social Impact

ABSTRACT

The topic examined is the recent development of social entrepreneurship in China, focused on the community of social entrepreneurs and the business environment. The main methodology of data collection was qualitative interviews with entrepreneurs, educators and representatives of organizations and foundations. In addition, a literature review was conducted to provide background information and a macro perspective to the question. To complement the qualitative data, field observations of a few social enterprises were also conducted. Based on the collective information, it can be observed that the interviewees' perspectives varied widely regarding the extent to whether there is a receptive environment and supportive community that promote the rise of social enterprises. There were common themes across the diverse experiences, revealing that social entrepreneurship in China enjoys of the Chinese economy's development and potential, yet faces a legislative challenge, historical distrust and distinct sub-communities of social entrepreneurs.

Keywords: Social Entrepreneurship, China, Social Impact, Social Innovation

INTRODUCTION

The purpose of this report is to describe the recent development of social entrepreneurship in China, with a focus on qualitative accounts from several individuals directly engaged with the subject matter. These individuals are either social entrepreneurs themselves, members of organizations and foundations that seek to promote social impact and entrepreneurship in China, or educators on the topic. This research was enabled by the Wharton School's Social Impact Research Experience. The program supports "undergraduate research that promotes both economic and social value either domestically or abroad" ("Wharton Social Impact Research Experience (SIRE) - Undergrad Inside" 2017).

The methodology used to conduct this research was as follow. First, a literature review was conducted on the topic for obtainment of background information. Then, potential interviewees were contacted through email, WeChat, and LinkedIn. Ultimately, qualitative interviews were conducted in China, most of them in-person, with different target groups with the objective of collecting data on the general understanding as well as the personal trajectory of some of those engaged with social entrepreneurship in China.

In order to conduct such interviews with human subjects, it was necessary to obtain approval from the Institutional Review Board. As suggested by the Institution Review Board, the interview with the human subjects was only conducted after their explicit consent and following the pre-approved interview script questions. The focus of the interview was on personal experience and perception on the development of social entrepreneurship in China. The qualitative anecdotal component was balanced with the use of a Likert scale to measure those perceptions.

Another fundamental part of the research was the field observation. Through contact with Keru Knowledge, a management consulting firm focused on social impact in China, the data collection with two other social enterprises (Hello Project and Xiaomiren) was conducted. Besides the approximately hour-long interview, data was collected by accompanying these entrepreneurs for a week.

Before the research was conducted, it was hypothesized that there would be a supportive community of social entrepreneurs that contributed to the success of one another. It was also hypothesized that, given the novelty of the concept of social enterprises and their social impact focus of solving societal problems, the business environment would be more favorable towards social enterprises in contrast to regular solely profit-driven businesses. Yet, the data found did not support these hypotheses.

The study indicated that the perceptions of the individuals interviewed varied significant on the extent to which they have experienced a receptive environment and supportive community that promote the rise of social enterprises. Nonetheless, commonalities were found across the different accounts, revealing that social entrepreneurship in China enjoys of the Chinese economy's development and potential, yet faces the legislative challenge, historical distrust and the distinct sub-communities of social entrepreneurs.

BACKGROUND OF TERM "SOCIAL ENTREPRENEURSHIP"

The term "social entrepreneurship" has become more popular in the 21st century as it has been more and more frequently used by the media, scholars and entrepreneurs. Yet, it is not a new term. According to Amy Zhou Weiyan, "social enterprise" has been used for the past three decades, and Bill Drayton began using the term "social entrepreneur" in the 1970s, shortly before

launching Ashoka, one of the main social entrepreneurship support networks worldwide (Zhou Weiyan 2013). Since then, the term has become more popular, and more organizations have started using, promoting and defining it. According to the China Social Enterprise and Impact Investment Report 2013, in order to evaluate whether an enterprise is a social enterprise, three key factors should be evaluated: goal setting, operational model, and profit sharing. There are numerous other definitions and criteria used by other organization, as well as by some governments that have recognized social enterprises as a new organization category. Though there is neither a single definition nor strict requirements for what constitutes a social enterprise, there is a generalized idea of what it entails in the West, where the term originated. In the article "The Social Enterprise Emerges in China", Professor Meng Zhao explains that "The concept of the social enterprise—with its emphasis on applying business strategies to achieving philanthropic goals—has kept pace with the evolution of the idea in the Western academic community" (2012).

SOCIAL ENTREPRENEURSHIP IN CHINA

Culture of Giving and History of Philanthropy

The term "social entrepreneurship" is not original to China, neither is the culture of giving, according to several interviewees. Given the history of Communism in China, its citizens have a different perception towards giving. For centuries, the Chinese government was viewed as the sole provider of any sort of assistance to the population. As a result, in theory, there was no need for philanthropy, and, in practice, there wasn't much space for such act either. Further considering the level of economic development of China until a few decades ago, it becomes evident that most of the population did not enjoy of surplus income to be able to help others.

Given this historical context of there not being a culture of philanthropy, there have been subsequent barriers for the Chinese population to embrace the concept of social impact and social enterprises.

A turning point in the history of philanthropy in China was the 2008 Sichuan earthquake. In the article "Civil Society", Carolyn Hsu elucidates that the "earthquake relief efforts created a critical mass of social entrepreneurs and volunteers in one geographical space, a set of ideal conditions that led to the birth of many new NGOs. For some Western news outlets and scholars, all this spontaneous action and organization was a sign that China was finally developing a civil society" (2017). Hsu defends that the earthquake evidenced a social movement that was occurring in China since the beginning of the millennium (2017). Similarly, Richard J. Gelles affirms that "China has experienced unprecedented philanthropic activity after the earthquake in 2008" (Di-Santo Haines 2010). Based on her personal experience, Tina Na, founder of Hello Project, shares the perspective of other Chinese citizens that the government's actions were "quite slow" to give timely help to victims. As a result, social organizations helped the government in its role of helping the population and the government acknowledged, to a certain degree, the important role social organizations can play in social issues.

Translation of Term and Implications

Another important aspect to consider in order to understand the development of social entrepreneurship in China is the translation of the term "social entrepreneurship" to Mandarin. According to Alex Shoer, CEO of Seeder Energy, though there is a lot of room for entrepreneurship in China, when one tries to translate the term "social entrepreneurship" to Mandarin, "there isn't a good word for it". The insight that Shoer brings from the practitioner

side has been thoroughly explored by the academia. According to Professor Zhao, "The term social enterprise has taken on three forms in China. There is 社会企业 (the social enterprise), 社会创业 (the social startup), and 公益创业 (the startup for public good). The reason for these distinctions is that in Chinese the words "social" and "enterprise" have different meanings than in English" (2012). He elaborates that each of these translations has a particular connotation in Mandarin that does not convey the same idea as its English counterpart. For instance, while "enterprise" does not connote innovation, "social" does not allude to the concepts of nonprofit, philanthropy or giving. Besides not having an ideal translation to Mandarin, according to Amy Zhou Weiyan, "the term 'social enterprise' is still unfamiliar to most in China", which contributes to the challenges faced by social enterprises (Zhou Weiyan 2013).

The novelty of the concept of social enterprises, its application and terminology in Mandarin indicates that social entrepreneurship is in its early stages of development in China. Consequently, there is neither a formal definition for it in Mandarin nor formal legislation supporting it.

INTERVIEWS

As mentioned, several interviews were conducted with individuals engaged in different ways with social entrepreneurship in China. The interviewees can be categorized into three main groups:

1. Social entrepreneurs
2. Educators
3. Members of networking organizations and foundations

Social Entrepreneurs

Given the focus of the research on the community of entrepreneurs, the primary group of interviewees were entrepreneurs. In the following table ("Table 1"), there is a summary of the social enterprises who had a representative interviewed for this study and the main characteristics of the enterprise, including field, mission and social impact proposed.

Note that given the already discussed ambiguity around the term "social entrepreneurship" and the nature of the study, the purpose is not to assess the extent to which the interviewed enterprises are "social enterprises" according to any specific definition. Moreover, it is important to take into account that enterprises were contacted either because they were suggested by a previous interviewee or because they self-identified online as a "social enterprise". As a result, enterprises that might be classified as "social enterprises" according to a certain definition but don't use this terminology were not reached, which is a limitation of this study.

Table 1. Summary of Social Entrepreneurs Interviewed

Table of social enterprises that had a representative interviewed, who the interviewee was,

his/hers title, the field or industry of the enterprise, its mission or goal and its social impact.

Enterprise	Interviewee	Title	Field / Industry	Mission / Goal	Social Impact
First Respond	Min Ko	Partner, International Affairs Director	Health	Deliver exceptional quality first aid training, services, and solutions	Training of Chinese citizen for basic life-saving skills
Gengxin Village Co-creation	Maggie Che	Founder, CEO	Lifestyle	Integrate the crowd power both from city and rural to co-create China's new rural lifestyle community	Improvement and promotion of rural lifestyle community
Hello Project	Tina Na	Founder	Rural education	Train rural teachers focused on life safety, social skills, and community service habits	Training of rural teachers
Keru	Ming Khor	Founder	Education	Drive impact and discover new ways of creating and sustaining value. Share the latest thinking and knowledge of this exciting field with students who are passionate about social impact	Support social enterprises through consulting; educate students about social impact
Mantra	Sam Waldo	Co-founder, CEO	Eyewear	Provide eye care for students with vision problems	Promoting the vision of students in rural Yunnan
MingJian	James Feldkamp	Co-founder, CEO	Product testing	Help consumers make informed purchase decisions and get the best value for their money by providing independent, expert lab test ratings of products	Help consumers select healthy, safe, quality products
Phoenix Risen	Stephany Zoo	Executive Director	Sexual violence	Empower survivors of sexual assault and combat sexual violations globally through resource sharing and community building	Combat sexual assault
Rainbow of Hope	Lucy Luo	Representative	Agriculture	Strengthen rural communities and promote sustainable agriculture by linking urban families with rural farmers, while providing healthy and safe food for all	Empowerment of rural communities; sustainable agriculture

Enterprise	Interviewee	Title	Field / Industry	Mission / Goal	Social Impact
Seeder Energy	Alex Shoer	CEO	Clean energy	Offer strategic renewable energy advisory services to corporations seeking renewable energy procurement in China	Increasing adoption of renewable energy by getting best outcome for clients with the least amount of risk; reduce corporations' carbon footprint
Siyuan Water	Yihong Lan	Founder, Chief Social Officer	Water filtration	Provide clean water solutions for both consumers and communities in need	Clean water to children in rural China
Smart Air Filters	Thomas Talhelm	Founder	Health	Promote DIY air purifiers as a low-cost solution to indoor particulate air pollution in China	Clear air
Tea Plays	Siyi Ren	Founder, CEO	Tea	To disrupt the conventional profit structure in the tea business by sourcing directly from tested tea plantations, working directly with the tea farmers and bringing back positive social impact on the most remote regions that are ecologically safest. To gear innovation in the traditional manufacturing business by selecting the most dynamic factory that is open to fast and swift production, reactive to the young market, to effectively reduce inventory, cut wastes, and energize the production workers.	Production: Empowerment of rural populations, ecologically safe plantation Client: cultural and social experience, healthy products
Xiaomiren	Xianming Xu	Founder	Agriculture	Leverage access to urban markets while working with local farmers to develop and market specialty honey and other specialty products from Tengchong, Yunnan	Empowerment of rural communities

Personal Trajectories

The first part of each interview was focused on the personal trajectory of the entrepreneur and his/her experience with social entrepreneurship. It was interesting to observe that all of them learned about social entrepreneurship from an experience outside of China, reiterating that the concept is originally Western and has been "imported" into China through knowledge sharing. Another similarity among most interviewees is that they didn't plan meticulously to start a social enterprise or intended to be engaged in the field, but rather fluidly found themselves where they are by pursuing their interests. For example, a few of them were passionate about volunteering and education and participated in the Teach for China program. During the program, they witnessed a social problem, started a project to solve it and that project eventually became their social enterprise.

This is the case of Sam Waldo, who while teaching children in rural Yunnan observed that many of them had difficulties learning because they couldn't see properly. With the purpose of changing this reality, he started his first project in 2012 within the Teach for China network until he decided to quit his job and work full time in Education in Sight. The project was thriving as a non-profit, but there was a clear need to reach more children and expand. Waldo soon realized how difficult it would be to scale up with the current model, how the path to finding donors was very exhausting and how all of this was not sustainable in the long-term. Thus, he looked for alternatives and found inspiration in the Toms and Warby Parker cases of success. In 2016, Waldo co-founded the social enterprise Mantra Eyewear to support the Education in Sight project through a "buy one, give one" model.

Additionally, unlike originally hypothesized, the entrepreneurs didn't choose to have a social enterprise in China - as opposed to another country - for any particular reason, but rather

due to circumstances and to the fact that their life paths led them there. For the entrepreneurs that are Chinese citizens, it is more intuitive that they would start enterprises in their own country, even after an experience studying abroad through which they became exposed to the concept of social entrepreneurship. As to the foreigners interviewed, they pursued their interest in China and found study, volunteer or work opportunities there. Generally, once they had been established in China for several months or for a few years, they started their social enterprises.

Goals and Impact Delivered

When asked about the goals and impact of their enterprise, the entrepreneurs' answers varied primarily based on what stage their business was. A recurring response among a few entrepreneurs was that they have not yet found the most adequate and financially sustainable business model. Others were critical of the impact they have had thus far and their desire to have a greater impact. All of them have ambitious goals of having more clients and expanding their market share, but only a few had it clearly defined by how much and by when.

Since the question posed ("How would you evaluate the success of your social enterprise in attaining its goals?") was open-ended, it was valuable to observe how each interviewee tackled it. While some of them focused on the financial health of their enterprise to evaluate the success, others shared about the social impact they have had thus far. These two types of response regarding the goals of a social enterprise is characteristic of the business model given the social impact driven purpose and the financial sustainability component. These two goals may conflict and are, therefore, often used to distinguish social enterprises from solely profit-driven enterprises based on which goal is prioritized when decisions are made.

Moreover, some interviewees complemented their responses by sharing how this social entrepreneurial journey of seeking success, both in terms of social impact and of finances, has been of great learning. Ming Khor, founder of Keru Knowledge, shared, "We've learned a lot. It's been tough, but very useful". Similarly, Maggie Che, founder of Gengxin Village Co-creation, stated "For me personally, it's been a journey of growth because everything is very challenging".

Factors of Success

Building off their self-evaluation of success, the interviewees were asked to weigh how influential each one of the following three factors were in the success of their business:

1. Favorable business environment
2. Strong community of entrepreneurs
3. Receptive community of stakeholders

Out of the three factors, the one that was the most important across the board for the social entrepreneurs interviewed to thrive was the favorable business environment, which includes navigating the market and industry. According to Aldo, "In China nothing is easy, but everything is possible". Though there aren't many direct incentives or benefits for social enterprises, the Chinese economy and legislation strongly promotes entrepreneurship in general.

As to regards the community of entrepreneurs, most interviewees located in Shanghai and Beijing were connected to some networking or social impact affinity group. The consensus generally was that though these groups are beneficial, they are neither as strong as, nor as supportive as they could be, particularly for one to be able to claim that his/her business was successful because of such community.

The third factor was the most controversial given the number of groups it encompasses, from clients, to suppliers, creditors and the government. Thus, the answers varied widely regarding the receptiveness of the different stakeholders as they were very individualized responses to the particular business model, industry and service or product. A similarity found across the different businesses was that the fact that they were "social enterprises" did not play much to their favor - another hypothesis that was refuted. Given the little knowledge of the general Chinese population regarding the concept of "social enterprises", it doesn't benefit the corporation to advertise such, and since it is actually more likely to confuse the stakeholders, most entrepreneurs avoid using the term in their day-to-day. Stephany Zoo, the Executive Director of Phoenix Risen, a global platform bringing men and women together to combat sexual violation, has experienced closely the difference in stakeholder receptiveness across countries. She shared that she has experienced a much more receptive market for social enterprises in countries other than China, particularly in European ones.

Educators

Another important group to consider is the academia. For this research, the academic perspective was prospected primarily in the literature review phase of the research through articles. Furthermore, in-person interviewees were conducted with two educators to understand the role they play in the promotion of the knowledge about social entrepreneurship in China.

Table 2. Summary of Educators Interviewed

Table of the educational institutions contacted, their level of instruction, the educator interviewed and his/her role at the institution.

Educational Institutional	Institution's Level of Instruction	Educator	Educator's Role
Renmin University of China	Higher education	Meng Zhao	Professor, researcher
Concordia International School Shanghai (Business Simulation: Third Culture Coffee)	Secondary education	Anne Love	Teacher, business simulation organizer

Through their academic roles, both Meng Zhao and Anne Love have contributed to the creation and promotion of social entrepreneurial knowledge and application. Professor Zhao is the associate professor at the School of Business of the Renmin University of China and the academic director of the Yunus Center for Social Business & Microfinance (Renmin University of China). He is aware that there are many people engaged with social entrepreneurship, but that there lacks a support infrastructure. Regarding his role, Zhao states "as a researcher, I can study what is going on, but I also want to be part of this change. It's not only about writing papers and cases, but also trying to put together the entire area and do something very impactful in China". Through the recently launched Beijing Initiative, Renmin University aims to build a network connecting the different stakeholders and strengthen the social entrepreneurship system in China.

Likewise, Anne Love is engaging with social entrepreneurship beyond the classroom. As part of the applied learning curriculum, Love teaches a social entrepreneurship class to 11th and 12th graders at the Concordia International School Shanghai. Through the business simulation, students partner with Hani Coffee Co., a larger scale Yunnan-based social enterprise, to run their own social enterprise, Third Culture Coffee Roasters. Every other day, they have 85-minute

classes in which they learn about social entrepreneurship and take care of the business, from how to bring the coffee from Yunnan, to roasting the coffee beans on campus, packaging, branding, delivering them and coordinating the sale at different events. Love shares that all this started as she saw the potential for learning: "As educators, we just think about how here's an opportunity that could really help students, and the community and everyone as you can get better coffee. An opportunity to help students learn and [create] social good through coffee. Coffee is just a vehicle because it is a product that employs people in the bottom of the social pyramid all throughout the world". When Love decided to create the course, there weren't any high schools teaching social entrepreneurship. So, she based the course on university courses and is now teaching it for the third year.

Members of networking organizations and foundations

Table 3. Summary of Organizations and Foundations Interviewed

Table of the organizations and foundations contacted, their representative interviewed and its mission or goal.

Organizations	Interviewee	Mission / Goal
Leping Foundation	Zheng Di, Ran Wang	Leping Social Entrepreneur Foundation is dedicated to engendering an inclusive society. We provide an ecosystem to solve social problems for those who care about social development with empathy and passion
Global Good Fund	Daniel Meyer, Nazlin Bhimji	Identify high-potential leaders and accelerate their success through proven and proprietary development methods
MakeSense Shanghai	Livia Macedo	We empower people to engage in projects and challenges that help social entrepreneurs

The following organizations were also contacted, but couldn't be reached:

- US-China Social Innovation Forum

- China Social Entrepreneur Foundation

- The Schwab Found

- Ashoka

- Global Links Initiative

- China NPO Network

DISCUSSION

The Chinese Context: Economy and Government

A benefit of being located in China widely discussed by the entrepreneurs interviewed regards China's economic growth. The fast pace of the Chinese economy means that many things are changing and that there are many opportunities for new businesses. According to Edward Tse, "Over the past two decades, entrepreneurship in China has grown at an exponential rate" (2016). Between 2000 and 2013, non-state-owned companies experienced an increase in revenue of more than 18 times and in profits of nearly 23 times (Tse 2016). During this period, the government has played a fundamental role in promoting entrepreneurship. Li Keqiang, the Premier of the State Council, called for "mass entrepreneurship and innovation" and included it in China's national economic strategy plan (Tse 2016). Based on the government's goals, Shoer realized that the market for renewable energy would grow: "Seeing a big, untapped opportunity that people weren't working on because at the time it was really early. We saw that the trend was coming because the government had set very clear plans." The government's objectives

motivated him to start Seeder Energy, illustrating the key role that the rapidly changing Chinese society and supportive government has had on entrepreneurs.

Tse also discusses how there are many young people born in the 80s and 90s with entrepreneurial aspirations (2016). Khor can attest to this as he shares that "At Teach for China, there is always an encouragement to create, do your own stuff and make a difference". He, Sam Waldo, Tina Na and Xianming Xu are a few examples of the young professionals that found their inspiration to become social entrepreneurs while participating in Teach for China, that were influenced by this entrepreneurial spirit to start their own business and that have enjoyed of the growing Chinese economic. This advantage, however, is by no means focused on social entrepreneurs. Siyi explains:

> *Social entrepreneurship is totally different from entrepreneurship. If we were talking only about entrepreneurship, then we could say the government is very receptive. You don't see a government that is more supportive than the Chinese government at this stage for entrepreneurship. As to social entrepreneurship, this whole idea itself is still relatively new to China, and profit is still at the top of the list of creditors and of the government.*

As a matter of fact, though social enterprises might benefit from the support for entrepreneurship in general, as social enterprises, they face other barriers, like legislation. Professor Zhao explains that the existing "dual administration system" that requires non-profits to register both at the Ministry of Civil Affairs or its local agency and at a professional supervisory agency is challenging and complex. This intricacy translates into the establishment and formalization of social enterprises, and so Zhao calls for a redefinition of "what is a nonprofit and what is a social enterprise in China, because the regulation is so different" (2012). During the interview, Zhao elaborates:

> *The Renmin University has a really close relationship with the government and has great political legitimacy with the government. Our role is also to try to mobilize government resources and bridge that with the very diffused players in*

the field, who either never got a chance to talk to the government or that have some issue with the government. It's not our explicit purpose to help a single organization, but we believe the whole field would benefit from stronger political legitimacy.

Seeking to avoid legislative obstacles, most of the interviewees just registered their companies as for-profit businesses, which means that they don't enjoy of fiscal benefits that social entrepreneurs enjoy in other countries where there is legislation specifically for social enterprises. Xianming Xu states that "If the government could give us some benefits, like lower tax rates to cut costs of running the company, it would be very good". Nonetheless, a social enterprise is not restricted from the government support for enterprises in general, as Xu also adds:

> *The government invited us to enter this e-commerce industrial park. We moved into that park and worked there. The government, through the Bureau of Commerce, also wanted to invite us because they heard of what we are doing; [it was] quite supportive of our business and invited us to move and didn't charge us rent. We also get a lot of help from the Bureau of Education - we used to be teachers in rural areas. When we finish our job, and we are still there to start a business, the officials really appreciate what we are doing.*

Xu's account illustrates both the support given by the Chinese government to entrepreneurship in general through incubators and subsidies and the lack of specific support for social entrepreneurs that there exists in other nations.

Some other possible legal paths include a mix of the two types of organizations. For instance, a project may start as a non-profit organization and then register as a for-profit organization. Another possible path is to start as one type of organization and then switch or to have more than one registered organization. This was the alternative that worked given the model of James Feldkamp's Mingjian. Given the legal requirements, the Mingjian website is a Shanghai local Chinese company that owns the publishing license, the testing organization is a Hong Kong for-profit organization with a China WOFE, and there is also a nonprofit in Hong

Kong where they do the nonprofit work. Feldkamp states that "We have also looked into setting up a local Shanghai NGO, but the definition and scope of a nonprofit is much more limited than in the US".

The Challenge of Distrust

Another major challenge faced by social entrepreneurs in China is the distrust they encounter when they label their businesses as social enterprises. As previously discussed, the history of philanthropy and culture of giving evolved differently in China than it did in the West. Though there have been major changes on this regard, not all components of the Chinese society are as familiar as others with the concept of social impact and thus perceive with suspicion the enterprises that seek to help them while having a profit. Yihong Lan shares that he has encountered both supportive and doubtful beneficiaries:

> *You can't just expect people to welcome you because you're going to give them stuff. You would not expect people to reject a free water filter just because they don't trust you, but that is possible. In China, there are some people who are very open and receptive, but there are people who are just suspicious, thinking that you are just trying to make money off them.*

Similarly, when asked about the challenges of having a social enterprise in China, Khor answered that he has dwelt with clients that are confused and distrustful regarding the pricing:

> *Since we are in the social sector, people are often suspicious of the price as they think that this type of service should be very low cost. Yet, we actually invest a lot in the professionals we bring out here, it's a huge cost for us and we invest a lot in making our educational content of high quality. But we are operating in an industry where people have these certain preconceived notions, so that is something we struggle with.*

Unlike in the West, where the term social enterprise has gained more popularity, in China, it is still generally unknown and may even have a negative effect creating suspicions from the consumer. Feldkamp explains:

For the Chinese consumers, it doesn't necessarily matter that much whether you are a social enterprise or not. They are more skeptical about everything in general, and rightfully so. There have been so many scandals in China that the level of trust in the market place is very low; people have been cheated in so many different ways. It's actually ironic is some ways, that in China, the more you label yourself as a social enterprise or NGO, the more distrust you have from a consumer. They will be suspicious and think that you are hiding something. It's a double edge sword.

The Chinese society at large is familiar neither with the term social enterprise nor with the concept of having an impact while making profits. The history of philanthropy and the scandals that Feldkamp mentioned were also commented by other interviewees, evidencing its pertinent effect in the Chinese population. Tina Na also believes that this problem is related to the lack of legislation. She explains that in the past, an organization was either for profit or not for profit. Accordingly, the government policy only has these two types of organizations and doesn't have a category for social enterprises. As a result, the benefits of identifying as a social enterprise in China are very questionable since it is more likely to harm how the business is perceived. Therefore, the entrepreneurs interviewed usually don't use the label "social enterprise" when dealing with customers to avoid any confusion or distrust, suggesting that educating the Chinese population about social entrepreneurship would certainly be advantageous for social enterprises in general.

With this in mind, First Respond became the very first certified B Corp in Mainland China. Min Ko explains that the stakeholders, particularly potential investors, just wouldn't understand First Respond's model. They would compare its service of providing first-aid training to the Red Cross, which does it for free, define First Respond as an NGO and ask why they were charging. This resulted in some investors no longer being interested in First Respond, leading the team to the following realization:

Our team thought we needed an education for the market. The market coming from the traditional business side needed to understand the whole concept of social enterprises. One of the ways to do it was to get a solid case of social enterprises, that had been proven to be successful and that people were actually buying into the concept and bring it to China. Out of all the options that were out there, B Corp seemed to be the one that made more sense. They have a very clear concept, and that is why I brought the entire B Corp concept here.

Though the process was arduous given all the contextual and language barriers of the B Corp application, First Respond successfully became the first B Corp in China and since then, other Chinese social enterprises have also gotten certified.

The Sub-communities of Entrepreneurs

Through the interviews, it was also possible to analyze the subgroups of entrepreneurs based on citizenship, background and motivation. The community of social entrepreneurs in each city investigated, let alone in China as a whole, is not cohesive. The experiences of the entrepreneurs interviewed indicate that there is not much overlap across the sub-communities of social entrepreneurs.

One of the main divisions is between foreigners and Chinese citizens. In contrast to the Chinese, foreigners face completely different challenges, from understanding to learning how to navigate the Chinese culture and thus there are communities focused primarily on them. An example of a more foreign-focused group is the Global Shapers, which several of the entrepreneurs interviewed are a part of. According to Siyi Ren, the group Global Shapers is under the World Economic Forum and organizes business or economic related forum for community development and social impact projects. Another example, according to the perspective of an interviewee, would be the Rotary Club of Shanghai, which is composed of "all socially conscious people - though all foreigners". This viewpoint is not shared by all

interviewees, however. One of them explains that the Fresh Start Rotary Club of Shanghai, in particular, "is unique among Rotary Clubs globally in that it is entirely dedicated to supporting social enterprises in China. Most of these social enterprises are started and run by Chinese, [while] others are mixed teams with both foreigners and Chinese".

A potential explanation for this perceived divide is that since the foreigners are doing business in China, they are comfortable with Mandarin as well, but the meetings of the predominantly foreigner-composed groups are held in English. While they are likely to understand the meetings held in Mandarin of the groups composed predominantly of Chinese citizens, the inclusiveness would not work the other way around as not all Chinese social entrepreneurs speak English.

Another possible categorization of social entrepreneurs is according to their background. From the interviewed sample, the vast majority had a background in the non-profit sector. Most of them started as projects and then transitioned into a social enterprise model in order to be more financially sustainable, thus their mindset is different from the few that come from the for-profit field. This transition, as well as the similar previous experiences, serves as a common ground, enabling the creation of this other sub-community. To exemplify the difference in perspectives based on background, consider Lucy Luo. Based on her experience in both the nonprofit and corporate sectors, she personally believes that:

> *The nonprofit world is in itself unsustainable. If you don't have a model that allows you to sustain you own entity financially, then you are always reaching out. You end up spending 50% or more of your time asking for resources instead of finding ways to see how the money and resources you have can bring the most amount of benefit and impact.*

Luo's experience in both fields enables her to be more pragmatic of the nonprofit sector while applying the skills learned at both to have more impact in a sustainable way through

Rainbow of Hope. Min Ko elaborates on the differences in mindsets. While nonprofits think of a problem and go for it by getting donations or grants, for profits understand the market, look at the demand and have the goal of selling a product. Thus, nonprofits are trying to go more towards the business side and do that through incubators and formal mentorship programs. She adds that since the founders of few social enterprises come from a business background, First Respond is an exception as its the founding members had corporate backgrounds and the founder is a serial entrepreneur who did an EMBA at CEIBS (China Europe Int'l Business School) in Shanghai.

A third category that can be outlined is regarding the motivation of the entrepreneurs regarding social entrepreneurship. While the identification of an entrepreneur into this grouping is more nuanced and subjective, it is still relevant given that it is a distinctive characteristic. The motivations for using the term social enterprise can vary from CSR, to marketing purposes to being genuinely impact-driven. It is important to note that these reasons are not necessarily mutually exclusive and that, though it is hard to assess one's intent, several interviewees commented on the intentions for using the label "social enterprise".

CONCLUSION

Social entrepreneurship has developed very rapidly in China, but it is still at its early stages. The study observed that perceptions of the individuals interviewed varied significantly on the extent to which they have experienced a receptive environment and supportive community that promote the rise of social enterprises. Nevertheless, common themes were observed throughout the different interviews, suggesting that social entrepreneurship in China enjoys the

benefits of the Chinese economy's development and potential, yet faces the legislative challenge,

historical distrust and the distinct sub-communities of social entrepreneurs.

<div align="center">**REFERENCES**</div>

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