

The International SummerSchool 2016  
Entrepreneurship and Innovation in Organizations and Societies: Ecosystems, workplace & social innovation, social quality  
Social Innovation & Social Quality

# The International Summer School 'Entrepreneurship and Innovation in Organizations and Societies: Ecosystems, workplace & social innovation, social quality'

# 2016

2016年国际暑期学校“企业创新，组织创新和社会  
社会生态，工作环境和社会创新与社会

## 社会创新和社会质量 Social Innovation and Social Quality



The Chinese Academy of Social Sciences (CN) 中国社会科学院  
Zhejiang University (CN) 浙江大学  
Utrecht University (NL) 荷兰乌特勒支大学  
Research and Technology Organisation TNO 荷兰创新研究所  
联合举办

Hangzhou, China 中国·杭州 2016.07.18-07.23



## International Workshop

### Entrepreneurship and Innovation in Organizations and Societies: Ecosystems, Workplace & Social innovation, Social quality

Mengmingwei Building 140, Zijingang Campus, Zhejiang University  
2016.7.18 Hangzhou, P. R. China

Opening Ceremony 09:00-10:00	Speakers	Chair: Ka Lin, Zhejiang University 主持人: 林卡 浙江大学
Opening address 开幕式致辞 09:00-09:45	Xuehua Shi 施雪华	The Chinese Academy of Social Sciences 中国社科院
	Eric Stam	Utrecht University, The Netherlands 乌特勒兹大学
Group Pictures 合影 09:45-10:00	Xiaobo Wu 吴晓波	School of Management, Zhejiang University 浙江大学管理学院
	Weiwen Zhang 张蔚文	School of Public Affairs, Zhejiang University 浙江大学公共管理学院
	Peter Oeij	TNO 荷兰创新研究院
Theme: Innovation and Management		
10:00-10:30	Eric Stam	Professor, Utrecht University Independent Entrepreneurship and Entrepreneurship: Micro and Macro Relations
10:30-11:00	Xiaobo Wu 吴晓波	Professor, Zhejiang University Beyond the Catch-up
11:00-11:30	Klaas ten Have	Professor, TNO Why the need for workplace innovation within organizations is not self-evident
11:30-11:45	Discussion	
Theme: Social Innovation		
13:30-13:50	Qin Miao 苗青	Professor, Zhejiang University Understanding the Pattern of Social Entrepreneurship
13:50-14:10	Peter Oeij	Senior Researcher, TNO The Role of Social Scientists to Make Workplace Innovation Happen in Organizations
14:10-14:30	Ka Lin 林卡	Professor, Zhejiang University Innovation Studies and Social Innovation in Promotion of Social Quality
14:30-14:45	Discussion	
Coffee Break 14:45-15:00		
15:00-17:30	Baiqian Hou 侯百谦	Program Introduction and social activities for the international summer school



## The scheme of the summer school (July 18-23, 2016)

Time slots	Monday 18-07	Tuesday 19-07	Wednesday 20-07	Thursday 21-07	Friday 22-07	Saturday 23-07	Sunday 24-07
08.00--10.00	Morning Registration Opening session (start at 9:00) photo and tea break (Room 140)	Lecture UU Entrepreneurship and Innovation Policy (Erik Stam) (Room 250)	Lecture TNO: Workplace innovation / Dynamics of innovation teams (Peter Oei) (Room 250)	Lecture CASS Emergence and Transformation of Chinese Business Elites (Peng Lu) (Room 250)	Lecture CASS Social Survey: Practice in China (Wei Li) (Room 250)	Presentations of students (small groups) (Room 250, 266, 264, 246, 348)	Free Time Departure
10.00-12.00	Outline Lecture 1 (Room 140)	Lecture SOM: New Trends in Innovation Management (Gang Zheng) (Room 250)	Lecture SOM: Innovation and Intellectual Property Right (Can Huang) (Room 250)	Lecture SPA: Social Innovation and Social Enterprise (Qing Miao) (Room 250)	Lecture SPA: Social quality and social innovation in China (Ka Lin) (Room 250)	Presentations of students (small groups) (Room 250, 266, 264, 246, 348)	Departure
Lunch: 12.00-13.30	Afternoon						
13.30-15.30	Outline Lecture 2 (Room 140)	Visit Hangzhou Field visits Dreamtown	Lecture TNO/HU: Corporate Entrepreneurship (Klaas ten Have) (Room 250)	Visit Hangzhou Field visits Xiezh Hotel & Museum of China's Community Construction	Lecture CASS: Social Innovation, Social Service and Social Enterprise (Yi Pan) (Room 250)	Reporting the discussion from different plenaries (Room 250)	Departure
15.30-17.30	Introduction / social activities Summer School (SPA; SOM) (Room 140)		West Lake (SPA)		Lecture TNO/SPA: Social innovation in Europe (Peter Oei) and Asia (Ka Lin) (Room 250)	Closing session Graduation (SPA; SOM) (Room 250)	Departure
Dinner: 17.30-19.30	Evening					18.00-00.00	
19.30-21.00		Feedback + tutorials		Feedback + tutorials		Dinner & Farewell Party (SPA; SOM)	



## Lecturers of the summer school

<b>Erik Stam</b>	Professor	<b>Utrecht University</b> School of Economics
<b>Gang Zheng</b>	Professor	<b>Zhejiang University</b> School of Management
<b>Peter Oeij</b>	Senior Researcher	<b>TNO, Innovation for Life</b> The Netherlands Organization for Applied Scientific Research
<b>Can Huang</b>	Professor	<b>Zhejiang University</b> School of Management
<b>Klaas ten Have</b>	Professor	<b>TNO, Innovation for Life</b> The Netherlands Organization for Applied Scientific Research
<b>Peng Lu</b>	Senior Researcher	<b>Chinese Academy of Social Sciences</b> Institute of Sociology
<b>Qing Miao</b>	Professor	<b>Zhejiang University</b> School of Public Affairs
<b>Wei Li</b>	Senior Researcher	<b>Chinese Academy of Social Sciences</b> Institute of Sociology
<b>Ka Lin</b>	Professor	<b>Zhejiang University</b> School of Public Affairs
<b>Yi Pan</b>	Professor	<b>Chinese Academy of Social Sciences</b> Institute of Sociology



# Reading Materials

## Social Innovation and Social Quality

Social Innovation: Concepts, Research Fields and International Trends  
*Jürgen Howaldt and Michael Schwarz*

Social Innovation, an Answer to Contemporary Societal Challenges? Locating The Concept in Theory And practice  
*Robert Grimm, Christopher Fox, Susan Baines and Kevin Albertson*

Reforming Service Delivery in China: The Emergence of a Social Innovation Model  
*Jessica C. Teets*

Social Innovation, Local Governance and Social Quality: The Case of Inter- sectoral Collaboration in Hangzhou City  
*Yong Li, Ying Sun and Ka Lin*

Social Innovation Related to Innovation in Management Studies  
*Steven Dhondt, Peter Oeij*

Managed Social Innovation: The Case of Government-Sponsored Venture Philanthropy in Shanghai  
*Yijia Jing and Ting Gong*

A Methodological Exploration of Social Quality Research: A Comparative Evaluation of the Quality of Life and Social Quality Approaches  
*Ka Lin*

Complex Problems Require Complex Solutions: the Utility of Social Quality Theory for Addressing the Social Determinants of Health  
*Paul R Ward, Samantha B Meyer, Fiona Verity, Tiffany K Gill and Tini CN Luong*

Recent Transformations in China's Economic, Social, and Education Policies for Promoting Innovation and Creativity  
*Weiguo Pang, Jonathan Plucker*

New Economic Elites: The Social Basis of Local Power  
*David S.G. Goodman*

People's Republic of China Elite Studies: A Review of the Literature  
*Monte Ray Bullard*

Integrating Wealth and Power in China: The Communist Party's Embrace of the Private Sector  
*Bruce J Dickson*



农民工在中国转型中的 经济地位和社会态度  
李培林, 李炜

2011年中国民生问题及城市化问题调查报告  
李炜, 范雷, 张丽萍

Social Innovation Strategies: The East Asian Region  
*Ka Lin*

Transformative Social Policy and Innovation in Developing Countries  
*Thandika Mkandawire*

Innovation in the Public Sector: Key Features Influencing the Development and Implementation of Technologically Innovative Public Sector Services in the UK, Denmark, Finland and Estonia  
*Ott Parna and Nick von Tunzelmann*

China's CSR Expectations Mature  
*Michael A. Levine*

An Exogenous Path of Development: Explaining the Rise of Corporate Social Responsibility in China  
*Ka Lin, Dan Banik, Longfei Yi*

社会企业发展路径: 国际比较及中国经验  
余晓敏 丁开杰

社会企业研究述评  
刘小霞



# SOCIAL INNOVATION: CONCEPTS, RESEARCH FIELDS AND INTERNATIONAL TRENDS

*Jürgen Howaldt and Michael Schwarz*  
Sozialforschungsstelle Dortmund

**Abstract:** In light of the increasing importance of social innovation, this study looks at the theoretical concepts, areas of empirical research and observable trends in the field of social innovation. This trend study starts with an overview of the current situation and the perspectives of socio-scientific innovation research that have greatly contributed to the development and spread of an enlightened socio-scientific understanding of innovation. Against the backdrop of clear paradoxes and confusion in prevailing politics of innovation, the contours of a new innovation paradigm are becoming visible and causing social innovation to grow in importance. This is accompanied by an exploration of the question of what (new) roles social sciences can play in analyzing *and* shaping social innovation. The study looks at the future fields of research and research questions and explores the possible contribution that social innovation can make in working through global dilemmas.

At the same time, the theoretical concept of social innovation outlined in the study is a precondition for the development of an integrated theory of socio-technological innovation in which social innovation is more than a mere requirement, side effect and result of technical innovation. Only by taking into account the unique properties and specifics of social innovation is it possible to make the systemic connection and interdependence of social and technological innovation processes comprehensible.

## 1、 Introduction

Certainly since the publication of the oft-cited Meadows report on the state of humanity at the Club of Rome (Meadows 1972), if not earlier, there has been discussion on the limits of permanent and exponential growth in a confined system and the considerable role technological development has played in this context. Explicitly assuming a non-oppositional stance towards technology,<sup>1</sup> Meadows suggested that the use of technological measures did not resolve the world's central problems and instead tended to intensify them, that unforeseeable social side effects and new social problems were generally associated with even very useful new technologies and that no technical answers existed whatsoever for the most significant problems in the modern world. For these, extensive "social changes", or rather "non-technological measures", were needed (Ibid., p. 140)<sup>2</sup>.

This prompted a discussion regarding the necessity of a different way of life and a different economy, particularly in affluent industrial economies. Many governmental and nongovernmental organizations from around the world participated in this discussion in Rio de Janeiro at the 1992 UN Conference on Environment and Development. The key document that was adopted, Agenda 21, laid out an agenda for a departure from a purely technology-driven growth dynamic and also stated objectives for an alternative form of development that was ecologically, social and economically

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<sup>1</sup> "Our intention is neither to brand technology as useless nor to demonize it" (Meadows 1972, p. 139). "We are just as vehemently opposed to an unthinking denial of the fruitful effects of technology as we are to an unthinking belief in them" (Ibid., p. 140).

<sup>2</sup> All quotations are own translations

sustainable. The central issue lay in promoting a "targeted, fast and far-reaching," even "radical transformation in social perspectives, routines and interest constellations" (Lange 2008,p. 21). "The answer to social problems cannot be found in the paradigm of an industrial society; what we need are social innovations equal in caliber to prior technical innovations." (Danielmeyer<sup>3</sup>, quoted in Rößler 1998: n. pag.) "While technology and productivity alone can create the preconditions for resolving the problems confronting the entire world, they apparently are not sufficient to achieve the millennium objectives set at the UNO millennium summit in September 2000. The same applies for the Kyoto objectives for environmental and climate change. What is missing, and what will become more important in the 21st century, are fundamental social innovations" (ZSI 2008, p. 28). "Numerous small and large social sub-segments that influence not only the lives of individual people but also the development of society globally need the stimulus of social innovation" (Ibid.).

In this context, the term social innovation consciously extends beyond the term reform that focuses primarily on action undertaken by the state. The latter are components of social innovations that can be seen on a political level as well as every other social arena where they are also increasingly called for and realized. Even in reaction to the extensive fixation on technology in innovation policy that continues to this day, social innovations have been increasingly perceived and called for as an important subject in discourse in civil institutions since 2000. Problems have in part changed radically and intensified in conjunction with the drastic acceleration of change in the economy, society and culture, and awareness has clearly grown regarding the limited potential that technological innovations and established management and problem-solving routines have to resolve issues.

As a result, and in light of the vastly overlapping nature manifest in crises, the need for strategies for "recovery through innovation" (The Young Foundation 2009) with significantly broader scopes has been increasingly identified and articulated. Over the course of these developments, social innovations have been edging ever closer from the outer realms to the central focal point of attention. "Social innovation moves from the margins to the mainstream" (Ibid.). The further that society, the economy, culture, the natural environment and the realms of work and life are permeated with technical innovations and "reconfigured at such a fast pace as is currently the case" (ZSI 2008, p. 28) the more important social innovations become and the more public attention they elicit.<sup>4</sup> They are not only becoming more necessary in the wake of the accelerated dynamics and penetration of change and the wide-reaching crisis in responding to the associated problems. This is the reason that the Vienna-based Zentrum für soziale Innovationen has undertaken a agenda for action<sup>5</sup> to help "effectively anchor concepts for social innovation in public discourse and realize a growing number of effective social innovations in major sectors in society including the economy, education and politics" by 2015 and contribute to establishing "a level of importance that has previously been reserved for economically usable technical innovations" for them (Ibid., p. 30).

While the foundation of the Vienna-based Zentrum für soziale Innovation in 1990 or the Canadian inter-university Centre de recherche sur les innovations sociales (CRISES)<sup>6</sup> in 1986 were still exceptional cases rather than the norm, the growing significance of social innovations has been reflected with increasing clarity in multiple respects since the beginning of the century, including the rising number of centers devoted to promoting social innovation as well as corresponding political initiatives:

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<sup>3</sup> Prof. H. G. Danielmeyer is a technical physicist, was the founding rector of the Technische Universität Hamburg-Harburg and worked on subjects including "Predicting the industrial society's development".

<sup>4</sup> Publications including the business magazine brand *eins* have been covering this area since the beginning of 2006 under a series entitled social innovations. The 19 installments released thus far have explored a diverse array of topics including basic income, participatory society, integration, foundations, schools and universities, labor, tax reform, the welfare state, bartering, financial services and urban planning.

<sup>5</sup> Entitled "Social Innovation 2015".

<sup>6</sup> For more on history, organization and missions see <http://www.crisis.uqam.ca/pages/en/>.

at Stanford University in the US (2000), Toronto Canada (2004), London (2005), Netherlands (2006), Australia (2008). Meanwhile a whole host of other research and consultancy institutes dedicated to special topics and initiatives directed towards social innovation now exist, such as the Soziale Innovationen GmbH (consultancy) founded in Dortmund in 1995, the Institut für soziale Innovationen founded in Berlin in 2004, the Institut für soziale Innovationen (focusing on consulting community, social and religious institutes) founded in Solingen in 2005 or the Genossenschaft self eG created in 2006. "The business of the Social Entrepreneurship & Leadership Foundation is social innovation". (<http://www.self-germany.de>)

At the start of 2009, the newly elected president of the United States, Barack Obama, announced the establishment of a new office for social innovation at the White House and allocated USD 50 million to a fund for social innovation in the 2010 budget. It was dedicated to socio-political priorities, namely education and health care as well as economic questions and problems. At nearly the same time, the European Commission issued recommendations on how social innovations could be fostered and expanded to a greater extent for the amended European social agenda. "Creativity and innovation in general and social innovation in particular are essential factors for fostering sustainable growth, securing jobs and increasing competitive abilities, especially in the midst of the economic and financial markets crisis" (Barroso 2009). The articulation of these sorts of messages can be seen as a key factor in increasing the importance of social innovation in terms of both (innovation) politics as well as public awareness.

With the transition from an industrial society to a knowledge and service economy, according to our thesis, an "innovation system paradigm shift" is taking place (Bullinger 2006, p. 14) that in turn is changing the relationship between technological and social innovation. Where innovation was previously directed at advancements in the natural sciences and mechanical engineering to create new products and processes, social innovation will gain importance in the future in conjunction with accelerating change (cf. Howaldt et al. 2008). However, this area has been virtually ignored as an independent phenomenon in socio-economic research on innovation, which has been predominantly fixated on the social preconditions, effects and processes relating to technical innovations (cf. among others Rammert 2010). Social innovation rarely appears as a specific and defined term with a clearly delineated scope but usually is used as a sort of descriptive metaphor in the context of social and technical change.

Against this background, this study presents theoretical concepts, empirical fields of research and observable trends in the area of social innovation. We begin with the perception that the topic has experienced a surge in the western world over the last 20 years yet has remained very unclear with regard to terminology, concept and content.<sup>7</sup> A plethora of vastly diverging issues, subject matters and problem dimensions as well as expectations for resolving them are subsumed under the heading "social innovation" without making distinctions between its different social and economic meanings, the conditions governing its inception, its genesis and dissemination, and clearly demarcating it from other forms of innovation.

This work starts with an overview of the current situation and the perspectives in innovation research in the social sciences that have greatly contributed to the development and spread of a clarified social science understanding of innovation. Against the backdrop of clear paradoxes and confusion in prevailing innovation policies, the contours of a new innovation paradigm are becoming visible and causing social innovation to grow in importance (chapter 2). This is followed by a trend study that

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7 "The Guardian" alluded to this uncertainty in international discourse in society in its issue dated 11 August 2008 strikingly: "Social innovation is the new global obsession. It might be a nebulous idea but it has huge potential." "The language around social innovation easily slides into smoke and mirrors." (Roberts 2008)

begins with a review of concepts, topics and dimensions in the exploration of social innovation (chapter 3) before detailing applicable research fields with an international comparison (chapter 4). Special attention is paid to labor and management research. This is proceeded with an exploration of the question of what (new) roles the social sciences can play in analyzing *and* shaping social innovation (chapter 5). The next chapter (6) looks at future research fields and questions. In particular, it explores the possible contribution that social innovation can make in working through global dilemmas

This trend study thus provides an overview of the current state of national and international research on social innovation and discusses its contribution to obtaining and expanding the innovative capabilities of modern societies<sup>8</sup> as well as resolving central problems facing society. At the same time, the theoretical concept of social innovation outlined in the study is a precondition for the development of an integrated theory of socio-technological innovation in which social innovation is more than a mere requirement, side effect and result of technical innovation. Only by taking into account the unique properties and specifics of social innovation is it possible to make the systemic connection and interdependence of social and technological innovation processes comprehensible.

## **2. Current Status and Perspectives of International Innovation Research: Dynamics and Uncertainties in A New Innovation Paradigm**

As a discipline, innovation research widely finds its systematic beginnings and point of reference, valid to this day, in Schumpeter's 1912 publication of "Theorie der wirtschaftlichen Entwicklung" [Theory of economic development] (Schumpeter 1964) and the definition of innovation it introduced. According to this work, economic development takes place as a permanent process of "creative destruction". What propels this dynamic, the impetus and origin of economic fluctuation, is innovation in the sense of the "execution of new combinations", of "establishing a new production function." Inventions become innovations if they successfully take hold on the market (diffusion). Introducing and realizing innovations is the actual work and function of the entrepreneurship. Beyond the day-to-day responsibilities of running a company, the entrepreneur as a personality is defined by virtue of this social role, by breaking from conventional paths in initiating a course of action (cf. Blättel-Mink 2006, p. 69). Schumpeter focuses not only on technical innovation, but also distinguishes between product-related, procedural and organizational innovations, using new resources, and tapping new markets. He also addresses the process of innovation. Moreover, he underscores the necessity of social innovation occurring in tandem in both the economic arena as well as in culture, politics and a society's way of life in order to guarantee the economic efficacy of technical innovations.

Following Schumpeter, innovations are increasingly reduced to technical innovations. The mention of social innovation in literature after Schumpeter is rare and only marginal (cf. Moolaert et al. 2005, p. 1974). From an economics vantage point, involvement with innovation today is directed primarily at the issue of what the underlying conditions are that stymie and foster innovation, both within a company and outside of it, the necessary or deployable resources, organization of innovation management in terms systematizing innovation to replace or enhance the role of the entrepreneur (Blättel-Mink 2006, p. 81) as well as the economic impact and effects of innovation.

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8 The trend study also makes a contribution to the goal of the BMBF-sponsored project "International Monitoring" (IMO) to use continuous monitoring to expand upon how national and international opinion is shaped about the topic of innovation capability that sustains the competitive position of both Germany and Europe for the long term (cf. [http://www.internationalmonitoring.com/de/projekt/ziele\\_und\\_nutzen.htm](http://www.internationalmonitoring.com/de/projekt/ziele_und_nutzen.htm) l, accessed 03.05.2010)

Innovation research in the social sciences is dedicated, by contrast, primarily to the relevance of the social in and for the process of innovation, looking at innovation from different perspectives and with different emphases. The central focus is on the social preconditions and influencing factors for (predominantly) technical innovations, the correlation between the technological and the social, between technological and social innovations, between innovations and societal development, the institutional context and the interaction between those involved in the process of innovation, the organization of innovation in and between companies, the problem of planning and manageability and the uncertainty of the outcome given the unavoidable paradox "that innovation rests on conditions that cannot be fulfilled at the time the innovation takes place precisely because the very nature is to produce something new – conditions that really must be discovered, created and tested over the course of the innovation itself" (Sauer/Lang 1999, p. 14; cf. also Nowotny 2005). Innovation research in the social sciences is heavily shaped by a focus on the technical change and the genesis of technology as dependent on path and context; it has been given new momentum by the theory of reflexive modernization that emphasizes confronting the unintended repercussions and side effects of technical development under the conditions of the industrial society that have yet to be processed or treated (cf. Beck 1986, 1993, 1999). Controlling unintended repercussions requires an ongoing process of reflection that an increasing number of actors are taking part in and harbors a heightened degree of complexity and defies the development of linear techniques (cf. Rammert 1997; Blättel-Mink 2006, p. 124). New intra-organizational and inter-organizational negotiation systems, regulatory structures, intermediary arrangements and governance structures, regarded as necessary social innovations (cf. Heidenreich 1997), are becoming the focus of attention. Or, to put it in the language of risk society theory, the existing "institutions are set in motion", "the circumstances of the modern era" become recognized as contingent, nebulous and mutable as a result of their "undesired self-questioning". "The cage of the modern era is opened" (Beck 1999, p. 319).

While innovation research in the social sciences has remained peripheral in Germany, its development has verged on explosive internationally over the last several decades. The focus of international innovation research in the social sciences has been directed at the complexity and systematic character of the process of innovation, asking the question "how innovations occur" and "how innovation differs" (cf. Fagerberg et al. 2005, p. 9). One significant distinguishing factor is the widening identification of the variety and heterogeneity of the actors, organizations and institutions that are involved in the process of innovation, the associated change in focus to networks and (national, regional, local) innovation systems, onto new forms of innovation, such as open innovation and open source (cf. Chesbrough 2003; Reichwald/Piller 2005), that are rooted in communication with experts in economics, education and politics and the active role of users or end consumers in the process of innovation. New subjects are coming to the fore, such as network management, new forms of knowledge production and logistics, processes involved in interactive, inter-organization and intra-organizational co-evolutionary learning as well as trans-disciplinary communication and cooperation relationships as fields of research (cf. Fagerberg et al. 2005).

While the idea of a clearly defined, linear process beginning with science and research and ending with marketable products and services may have been in the foreground into the 1980s, (cf. Hack 1988), research findings in the 1990s made it increasingly clear that innovations involve a complex social process in which the network-like interaction between multiple parties in the process of innovation plays a central role. Networks qualify as being superior to other coordination and management mechanisms for the processes of innovation (cf. e.g. Rammert 1997) and seem to

become an elementary building block of a new innovation paradigm (Bullinger 2006, p. 14 as well as Howaldt et al. 2008, p. 63).

Proceeding from a network model of innovation (Lundvall 1985, 1992), Freeman (1987) defined the national innovation system (NIS) as "a network of institutions in the private and public sector whose activities and interactions engender, modify and spread new technologies" (Freeman quoted in Schienstock/Hämäläinen 2001, p. 81)<sup>9</sup>. NIS has since become the categorical framework for analyzing innovations and the theoretical foundation for governmental innovation policy (Welsch 2005, p. 67). In light of the numerous open and contested questions, it has taken on a character that is akin to a heuristic concept rather than a certain scientific finding. NIS are systems of forming knowledge, spreading knowledge and the combination of knowledge, be it internal, implicit, or external, they are "structures for dealing with knowledge" (Ibid., 69). Knowledge is seen here as the most important input factor for innovation.

In terms of a functional consideration of NIS, functions that are relevant in dealing with knowledge (across institutions) are in the foreground (generating, acquiring, spreading, regulating, applying, using knowledge). In institutional terms, the social system of agents and institutions relevant for innovation and their interaction are central.<sup>10</sup> From a systemic viewpoint, NIS is a component in an economic and social system and spans multiple sub-systems, including a production system, a system of industrial relationships, the financial system, the labor market, the legal system, and education. NIS are not planned systematically, are highly historico-cultural, primarily shaped by a given economic and social system and therefore path dependent<sup>11</sup>, and so can not be manipulated at will and can only be reconstructed ex post.

The objective of systematic comparisons of different NIS (cf. Nelson 1993) that began in the 1980s to give clear recommendations for courses of action by conducting more policy research was never achieved. Quite to the contrary: "Greater research plagued the construct of national innovation systems more and more" (Krücken 2006, p. 6). Realistically, the variety of variables that needed to be taken into account make a clear assessment and evaluation of the overall system an impossibility. Furthermore, an assessment of the specific strengths and weaknesses of an NIS is subject to constant semantic flux, or rather is the result of a process of social construction. If, for example, the social partnership in the system of industrial relationships in Germany stood as a specific strength of the German innovation system into the 1990s, it stands today as a cause and the central problem for the lack of flexibility.

Numerous empirical investigations suggest that "Regional Governance Structures in a Globalized World" (Braczyk et al. 1998), that establish relationships with the spatial grouping of companies and forms of *regional cooperation* that have emerged in certain regions, and systematically use these entities and develop them to foster innovation are strategically better than the nation's underlying system (cf. e.g., Renn/Kastenholz 1996, p. 97). In an international comparative analysis of fourteen regions, Braczyk et al. (1998) identified three different coordination mechanisms of regional innovation systems: coordination via the market and informal relationships, network coordination and central coordination. In every case, the cooperation (quality) of heterogeneous actors and the existence of intermediary arrangements regarding the organization of processes of collective learning, knowledge transfer, the exchange of explicit and implicit knowledge and at regional and/or local level seem critical for success.

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<sup>9</sup> An overview of the state of research on the topic of innovation systems can be found in Blätzel-Mink/Ebner 2009.

<sup>10</sup> In a stricter sense they are: R&D departments of companies, technical schools, extra-university research institutes, technology infrastructure institutions, ministries; in a broader sense these include: education, the school system and professional development institutes, banks, industry associations.

<sup>11</sup> The term introduced by David (1985) of path-dependency describes the state in which the developmental past of a country, organization, product, technology, etc., influences what developments are possible (cf. also Blätzel- Mink 2006, p. 98).

A critical objection raised against concepts like "innovation systems" and "triple helix"<sup>12</sup> is that they are not sufficiently complex measured on the basis of the practical requirements associated with enabling high-caliber and complex interactive processes between companies, research and politics. "A central weakness in the work on national innovation systems lies in the lack of a theoretically tenable concept of institutions" (Werle 2005, p. 315). For the individual components of the institutional structure of a society and their relationships to one another must first be identified before statements can be made about their influence on the ability to innovate (cf. Hollingsworth 2000, p. 596 et seq.).

Insofar as innovation research proceeds from the assumption that innovations always originate before and in (institutional) contexts, it is precisely this context that is usually deemed the dominant influence in which the relevant control variables for the emergence of innovation or the dimensions and variables governing the ability to innovate are located and can be adjusted or changed, largely from the perspective of resources. Consequently a "one-sided paradigmatic definition of either the structural or individual factors of innovation generation" generally occurs (Vordank 2005, p. 34).

Innovation research in the social sciences has made great contributions to the development and spread of an enlightened sociological understanding of innovation. Its interpretative possibilities have become widely and "successfully" practical. "From deviation from the norm, from agent to system: this describes the central scientific discourses on innovation characterizing the last 100 years – always in reaction to the innovation that has actually taken place, seldom, as was the case with Schumpeter, on a proactive basis" (Blättel-Mink 2006, p. 12).

The central elements of a sociologically enlightened understanding of innovation could be summarized thus: the systematic and social character of innovation that can be reduced to technical and organizational innovation; aspects of complexity, risk and reflexion; incompatibility with planning and limited manageability; an increasing variety and heterogeneity of involved agents; non-linear trajectory as well as a high degree of context and interaction contingency. So too are technical and social innovations seen as closely intertwined and can only be completely captured in their interaction with one another (cf. Braun-Thürmann 2005, p. 27 et seq. and Rammert 1997, p. 3).

### **A new innovation paradigm**

Against the background of the findings in innovation research in the social sciences and the clear emergence of paradoxes and confusion in prevailing innovation policies (Sauer/Lang 1999) that have been described, the question arises whether the technology-oriented innovation paradigm that has been shaped by the industrial society is not becoming increasingly less functional. In light of the weaknesses of the German innovation system that are becoming recognizable, Rammert calls for an "innovation in innovation" in terms of a "post-Schumpeterian innovation regime" (Rammert 2000, p. 2).

This sort of fundamental change process involving the entire institutional structure and the associated way of thinking and basic assumptions can be interpreted, in our opinion, in terms of the development of a new innovation paradigm<sup>13</sup> (cf. also Bullinger 2006, p. 14). This approach opens up fundamentally new perspectives on recognized problems and thus simultaneously unlocks new possibilities for action. Especially in light of the basic confusions and paradoxes in innovation policy at

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<sup>12</sup> With "triple helix" Etzkowitz (2002) – taking the USA for example – describes a tight linkage between the government, academia and the economy, particularly industry, as a necessary precondition for successful economic growth.

<sup>13</sup> Paradigm means in this sense, borrowing from Kuhn (1996, p. 10), a pattern of thought rooted in commonly held basic assumptions that can offer a community of experts considerable problems and solutions for a certain period of time" (cf. Kuhn 1996, p. 26).

present, this sort of interpretation of the current changes may open up new perspectives on innovation<sup>14</sup>.

International innovation research is also providing numerous indications of a fundamental shift in the innovation paradigm. In his introduction to the "Oxford Handbook of Innovation", which compiles the key development trajectories of international innovation research, Fagerberg describes the variability of innovation as one of its central characteristics: "One of the striking facts about innovation is its variability over time and space. It seems, as Schumpeter (...) pointed out, to 'cluster' not only in certain sectors but also in certain areas and time periods." (2005, p. 14) Individual analyses each provide descriptions of specific innovation systems in different *economic sectors and industries* (Malerba 2005; Tunzelmann/Acha 2005). At the same time, a vast heterogeneity in innovation can be perceived in terms of the historical development of the process of innovation (Bruland/Mowery 2005, p. 374 et seq.).

The argument for the thesis of the emergence of a new innovation paradigm is supported by the work of Bruland and Mowery. The authors believe that fundamental changes occur in the structures of innovation systems in different time periods (2005, p. 374). These changes are described as an expression of different phases of the industrial revolution. When a new innovation system takes hold, it leads to far-reaching changes in the entire structure of the institution. "But both of these episodes highlight the importance of broad institutional change, rather than the 'strategic importance' of any single industry or technology" (Ibid., p. 375). As such the "leading industries" (Ibid., p. 374) have tremendous influence on the prevailing innovation mode<sup>15</sup>.

In the face of the social shift from an industrial society to a knowledge and service economy and the profound change this entails in the economic and social structures of modern society, there are many indications signaling a fundamental shift in the innovation paradigm that can be detected. New economic sectors and industries are increasingly determining the look of the economy and society and are changing the modes of production and innovation. As such new forms of production and innovation cultures on a global scale have developed in the IT industry that center on "partner management as a strategic function of the company" (Boes/Trinks 2007, p. 86). The new "leading industries" offer a good arena to investigate the central questions in modern innovation management for companies as well as the innovation policies in developed economies at a relatively early stage (cf. Ibid., as well as Howaldt/Beerheide 2010).

The opening of the innovation process to society is a key characteristic of these changes (cf. FORA 2010, p. 15 et seq.). Other companies, technical schools and research institutes are not the only relevant agents in the process of innovation. Citizens and customers no longer serve as suppliers for information about their needs (as in traditional innovation management); they make contributions to the process of developing new products to resolve problems. Terms and concepts such as "open innovation" (Chesbrough 2003; Reichwald/Piller 2005), customer integration (Jacobsen 2005; Dunkel/Rieder 2007) and networks (Kühlmann/Haas 2009; Howaldt et al. 2001) reflect individual aspects of this development. This enables the discovery of clear parallels to fundamental changes in the production

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<sup>14</sup> The authors of a current study relating to the OECD Committee for Industry, Innovation, and Entrepreneurship (CIIE) advance this thesis: "A new nature of innovation is emerging and reshaping public policy" (cf. FORA 2010).

<sup>15</sup> At the same time, they pose the question whether greater attention should be paid to the investigation of sectors that are not among the leading industries in order to truly capture innovation in a given era. In his criticism of the German government's extensive support of leading technologies in its research and innovation policies, Hirsch-Kreinsen also refers to the heterogeneous "industry-shaped" structures of the German innovation system. Vast swaths of sectors that are not research intensive and are very pertinent to economic and employment structures are ignored. As a result, important potential for innovation is neglected (cf. Hirsch-Kreinsen 2008, n. pag.). In the same vein, this applies to the wide areas of the service sector; its increasing importance for existing stimulus programs for economic development is not receiving enough attention (services impulse circle 2005).

system, particularly in the area of the production of services, that have been discussed in this area for several years (cf. Jacobsen 2005), and gives them new momentum via the technological possibilities of the internet (cf. Hanekop/Wittke 2008). At the same time, innovation – based on economic development – becomes a general social phenomenon that increasingly influences and permeates every aspect of life (cf. Rosa 2005).

### **Social innovation**

With the development of a new innovation paradigm, so too a change in the subject matter of innovation occurs. At the heart of the industrial society innovation paradigm are technical innovations relating to products and processes that "are regarded as (almost) the only hope of societal development" (Gillwald 2000: n. pag.). Non-technical and "social innovations, however, although they exist constantly and widely in social systems, are largely ignored as a topic and are a little-recognized phenomenon" (Ibid.), though this offers them no protection from enormous expectations of providing answers to problems given that issues such as massive unemployment, the erosion of the social security system or the intensification of ecological risks cannot be overcome without implementing social innovation. And in light of the current and extensive financial and economic crisis, it is becoming increasingly clear that social innovations, as they relate to extensive change in both the leading cultures that influence behavior and the social practices in the economy and consumption, determine "in what sort of world the next generation of the citizens of free societies will be living" (Dahrendorf 2009). This is why it is all the more amazing that social innovation as an independent phenomenon has garnered so little attention in research funding and research practice (cf. Zapf 1989; Gillwald 2000). "Innovation-related thinking is asymmetrical. The emphasis is on technical innovation" (Rammert 1997, p. 3).

The sociologist Ogburn is among the few authors who make an explicit distinction between technical and social innovation. "The use of the term invention does not apply merely to technical inventions in our context, but instead comprises social inventions such as the League of Nations; it is also used to denote innovations in other cultural areas, such as the invention of a religious ritual or an alphabet. In the following we understand invention as referring to the combination or modification of previously existing and known and/or intangible cultural elements to create a new element" (1969, p. 56) But even Ogburn proceeds from the assumption of primarily technical inventions. For him, technical advancement is a driver of social development. He connects this with the thesis of a "cultural lag" (Ogburn 1957), namely a distance between a culture and technical developments that creates a pressure to "catch up" in the material facets of life. "His reports on trends for the US government that started appearing on a regular basis starting in 1936 (...) laid out the conceptual and institutional foundation for assessing the effects of technology and evaluating it" (Rammert 2008, p. 11). But only in the 1980s could German research in the social sciences develop a lasting interest in exploring innovation theory and the effects of technology and research in the genesis of technology (cf. Häußling 2007, p. 381).

An initial conclusion can be made that phenomena of social change are consistently looked at in connection with technological innovation in techno-sociology and technical research in the prevailing paradigm of a social-technical system but not from the perspective of an independent type of innovation that can be demarcated from technical innovations. From the perspective of techno-sociology and its central field, this is not only possible but necessary. The conflation of innovation as a term becomes problematic when the concepts for innovation developed in techno-sociology and technical research are universalized into a comprehensive theory of innovation. This is inadequate in light of the declining functionality of the technology-oriented paradigm shaped by the industrial society.

While the changed and intensified social and economic problems identified in public discourse are increasingly prompting a call for extensive social innovation, the topic continues to remain a largely under-explored area in the social sciences as well as government innovation policies. "The field of social innovation remains relatively undeveloped" (Mulgan et al. 2007, p. 3).

### **3. Social Innovation: Concepts, Dimensions, Topics**

#### **3.1 What makes an innovation into a social innovation?**

The substantive distinction between social and technical innovations can be found in their immaterial intangible structure. The innovation does not occur in the medium of technical artifact but at the level of social practice. A social innovation is new combination<sup>16</sup> and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices. An innovation is therefore social to the extent that it, conveyed by the market or "non/without profit", is socially accepted and diffused widely throughout society or in certain societal sub-areas, transformed depending on circumstances and ultimately institutionalized as new social practice or made routine. As with every other innovation, "new" does not necessarily mean "good" but in this case is "socially desirable" in an extensive and normative sense. According to the actors' practical rationale, social attributions for social innovations are generally uncertain.

In this sense, social innovation (borrowing from Crozier/Friedberg) can be "interpreted as a process of collective creation in which the members of a certain collective unit learn, invent and lay out new rules for the social game of collaboration and of conflict or, in a word, a new social practice, and in this process they acquire the necessary cognitive, rational and organizational skills" (Crozier/Friedberg 1993, p. 19)<sup>17</sup>. Social innovations, understood as innovations of social practices, are (examined in terms of their substantive aspect) an elementary part of sociology, and therefore – in contrast to technical innovations – can be not only analyzed, but also engendered and (co-)shaped; they are oriented toward social practice and require reflection on the social relationship structure.

In the face of the depth and development of change in modern societies and the rising dysfunction in established practice, social innovations are gaining greater importance, also in terms of economic factors, over technical innovations. They are not only necessary, but also can contribute proactively with regard to anticipated developments, such as demographic developments or the effects of climate change "to modify, or even transform, existing ways of life should it become necessary so to do" (Giddens 2009, p. 163; cf. also Hochgerner 2009a).

#### **3.2 The specific subject matter of social innovations**

Within his innovation typology, Brooks (1982) distinguishes between innovations that are almost purely technical (such as new materials), socio-technical innovations (such as transportation infrastructure) and social innovations. These are further classified and separated within the larger and unspecific definition. Brooks makes distinctions between the following types of social innovations: market innovations (such as leasing), management innovations (such as new working hour arrangements), political innovations (such as summit meetings) and institutional innovations (such as

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<sup>16</sup> The term relates to the Schumpeterian definition of innovation as a new combination of production factors.

<sup>17</sup> This process of the development of a new social practice is always about the interests of the given actors, and hence also about power and the distribution of social opportunities (cf. among others Dörre/Röttger 2003).

self-help groups). On the relationship between social and technical innovation, he states: "The supermarket has resulted in the invention of new types of check-out counters, stackable grocery carts, optical labeling of cans for automatic check-out, etc. McDonald's developed a whole host of minor but important inventions such as a special scoop and bag of French fries. The thrust however, comes from the market, and the technology is usually incidental and rather mundane in technical terms though no less ingenious. The organizational invention comes first, and technical innovations are gradually introduced to improve it, rather than the reverse." (Brooks 1982, p. 10)

Hochgerner (2009) identifies social innovations in businesses, civil society, government and social milieus whose content relates to participation, procedural rules and behavior as a special type of innovation to be distinguished from technological and non-technological business innovations (products, processes, organization, marketing) (cf. OECD/ Eurostat 2005). Just like technological innovations, they are integrated into innovation cultures or social-cultural formations of innovation, each with their own specific character, and influence these in turn; they are a "component of social change" but not identical to it. "Social innovations are new concepts and measures that are accepted by impacted social groups and are applied to overcome social challenges." (Hochgerner 2009) This may concern a new solution for a previously identified problem, a recognized solution that has not yet been applied in a certain spatial social context or a solution responding to problems arising in the wake of social change (cf. Ibid., and [www.zsi.at](http://www.zsi.at)).

The "working definition" from Kesselring and Leitner (2008, p. 28) states: "Social innovations are elements of social change that create new social facts, namely impacting the behavior of individual people or certain social groups in a recognizable way with an orientation towards recognized objects that are not primarily economically motivated." Its substance rests in a "targeted and new type of organization of social practice" (Ibid., p. 9). This subject matter and area of application that can be separated from technical innovation also marks a relevant unique characteristic regarding the role and potential of the social sciences: Social innovation is "to be regarded as the interface point between sociological reflection and social action because it requires reflection on societal problems and targeted action" (Ibid., p. 14 et seq.). This holds opportunities for the social sciences – which have hardly been tapped so far – to "be visibly involved in public debate and practical societal contexts" and to act "as a supporter of social innovation" (Ibid., p. 15).

In the context of their literary research on the diffusion of innovation in health care-related service organizations, Greenhalgh et al. define innovation in this area as "a novel set of behaviors, routines, and ways of working that are directed at improving health outcomes, administrative efficiency, cost effectiveness or users' experience and that are implemented by planned and coordinated actions" (Greenhalgh et al. 2004, p. 1).

*Collectively* this definition and others (cf. also Zapf 1989; Lindhult 2008; Moulaert et al. 2005) indicate that social innovations are distinct from technical innovations and are an independent and different type of innovation. What is in essence innovation occurs on the level of social behavioral patterns, routines, practices and settings. This, and not on the level of material production, is where the decisive new combination of (social) factors and the pursuit of socially recognized goals with different means occurs where social innovation is concerned (Merton 1968). The innovation of social interaction, forms of transportation and behavioral patterns as the true subject matter, purpose and "decisive/competitive" factor demarcates social innovation from technical innovation.

In assessing their overview on the use of the concept of social innovation in different fields of research, Moulaert et. al. come to the conclusion: "In all above approaches, the definitions of social

innovation are both analytical and normative. (...) We especially stress three dimensions, preferably occurring in interaction with each other.

- Satisfaction of human needs that are not currently satisfied, either because ‘not yet’ or because ‘no longer’ perceived as important by either the market or the state (...)
- Chances in social relations, especially with regard to governance, that enable the above satisfaction, but also increase the level of participation of all but especially deprived groups in society
- Increasing the socio-political capability and access to resources needed to enhance rights to satisfaction of human needs and participation (empowerment dimension)" (Moulaert et al. 2005, p. 1976).

This dual determination in scientific conceptions of social innovation as being equally analytical and normative prompts us to investigate the value aspect of social innovation.

### **3.3 The value aspect of social innovation**

For many authors, the value aspect of a social innovation is one of its central characteristics. Borrowing from Zapf (1989), social innovations are components of social change that are "explicitly oriented towards socially esteemed goals" (Gillwald 2000, p. 7). They should accordingly be regarded as an appropriate way to confront social challenges (cf. Ibid., p. 8). Mulgan et al. (2007, p. 9) define "social innovations as the development and implementation of new ideas (products, services and models) to meet social needs." A distinction is made between social needs and "merely personal needs or demands".

At the same time, the authors assert that social innovations become more important precisely in the areas where commercial and existing public sector organizations have failed. In this perspective the things they evidence include: an information and news portal based on the web 2.0 created by internet users in South Korea; an internet forum Australia established for youths to combat depression; a social company in London that produces a magazine commercially run by the homeless; an initiative that offers a broad range of services and activities related to the regular school day; a partnership between health care authorities and the Institute for the Deaf in England to distribute new digital hearing aids. Most of the social innovations evidenced distinguish themselves by virtue of their orientation towards social goals and needs and that they have also succeeded in establishing themselves commercially.

However, Kesselring/ Leitner underscore that social innovation "by definition" should *not* be judged on the basis of economic criteria (2008, p. 21). Unlike technical innovations, they are based much more on values and are not oriented primarily towards economic utility (Ibid., p. 22). And like Gillwald, they state that: "Only when an idea for resolving a social problem (in the sense of regulating social affairs) is practiced and recognized can one speak of social innovation" (Ibid., p. 25).

In this understanding, "social" is not defined by being substantively differentiated from technical innovation in the analytical sense ("as relates to the relationships of the actors and their behavioral practices"). Instead the term "social" is really used in the normative sense of a concept aimed at the common good. However, we believe that attempting to provide a distinct definition of social innovation normatively is problematic. After all, even technical innovations can contribute to solving social needs and meeting social challenges. The history of the twentieth century and the development of a society based on mass consumption in industrialized nations offers countless examples for this. Satisfying individual and social needs via the consumption of industrially manufactured products (and thus the end

product of technical innovations) with all of its repercussions and side effects can be described as a central characteristic of developed industrialized nations in the twentieth century (cf. König 2008).<sup>18</sup>

"The parameters and processes of mechanization comprise generalized social expectations, such as simplification, relief, replacement, enhancement or stabilization. Mechanization in the narrower sense means, without any other sense in mind – economic gain, military strength, etc. – that is, by deliberately renouncing meaning, to create methods and means of effectiveness and to increase their efficiency." (Rammert 2008, p. 4). The evaluation of the social impact of this "efficiency increase" is in turn dependent on the given perspectives of the involved or affected actors and takes place in social discourse. In this process, developments are subjected to a new evaluation against the backdrop of an expanded scale and socially desired goals (humanization, participation, civilization, sustainability). According to Groys (1992, p. 14), it is precisely the social reassessment of values that makes an innovation what it is. Regardless of its specific subject matter, material or intangible structure, innovation does not consist "in something appearing that was once hidden but in the revaluation of something that had long been seen and known." (Ibid.)

The commonly found normative link between social innovation and socially esteemed values overlooks the fact that different purposes and interests can indeed be pursued with a social innovation depending on the related utility and prevailing rationale and that these accordingly by no means have to be regarded as "good" per se in the sense of being socially desirable depending on interests and social attribution in order to be called *social* innovation, "there is no inherent goodness in social innovation" (Lindhult 2008, p. 44), their utility or effects can also be ambivalent depending on a point of view, just as with technical innovations. Expanded assessment criteria are also needed in evaluating social innovation and a social discussion process must be initiated enabling an exchange of different perspectives and rationales.<sup>19</sup>

### **3.4 Social innovation and social change**

Unlike the reform term, social innovation is not limited to governmental action and engagement in the overarching social regulatory and institutional structure. "In this sense, reforms can be seen as components of social innovations, or namely those components that proceed from the political administrative system" (Gillwald 2000, p. 7). Social innovations in turn are a component of the processes of social change or societal modernization (cf. Ibid. 2000, p. 6) according to Ogburn (1937), they are the most important general cause of social change.

Social innovations are therefore (possible) prerequisites or components of social change, like technical innovations, but are not identical to it. Social change is that which precedes technical innovations from a socio-technological perspective, accompanies or follows them. In contrast, the actual strategic objective, subject matter and "business segment" of social innovation is shaping sub-processes and elements of social change on the micro, meso and macro levels. In their diffusion, they may use technical artifacts or existing technologies (such as the internet) without losing their character as social innovations. It should be noted that social innovations also are also "accompanied by side effects in addition to targeted, intentional, planned and foreseeable effects and that unintentional, unplanned and unforeseeable repercussions are possible" (Gillwald 2000, p. 21).

The widely practiced terminological and/or functional connection between social change and social innovation is not only associated with an "overly high demand" on the latter (Kesselring/Leitner 2008). Above all, the relationship with social change should not be seen as the sole defining

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<sup>18</sup> A central thesis of our work is that this social form of production and consumption has reached its limits.

<sup>19</sup> In the BMBF program for innovative the capacity this means, for example, that innovation should be measured by the contribution it makes to social progress and economic success (cf. BMBF 2005).

predicate of social innovation, but does plainly correlate in some respect or another. If however social innovations cannot sufficiently be separated in terms of substance and functionality from aspects social change and innovations in general or specific innovations, they are not compatible for use as an analytical term and as the subject of empirical research.<sup>20</sup> The material difference between social change and social innovation rests in the latter being associated with "planned and coordinated actions" (Greenhalgh et al. 2004, p. 1). While (unintentional) social change is described as "the process of change in the social structure of a society in its underlying institutions, cultural patterns, corresponding social actions and conscious awareness" (Zapf 2003, p. 427), social innovations are the result of intentional and goal-oriented action to establish new social practices in certain arenas (cf. Kesselring /Leitner 2008; Hochgerner 2009); or, to put it differently, of "collective actions in pursuit of a goal" to "rearrange how things are accomplished" or permanently establish a new "default practice" by "user acceptance" (Gerber 2006, p. 12 et seq.). The "systemization of trend-setting innovations" (Ibid., p. 5) as well as "path-enhancing social changes" (Ibid., p. 13) is, however, an extremely difficult process with many requirements (Ibid., p. 5).

### **3.5 The diffusion of social innovation**

With regard to their invention, development and spread, social innovations are clearly distinct from technical innovations. Due to their specific process and product dimensions (cf. Moulaert et al. 2005, p. 1972), social innovations generally arise outside the realms of corporate and academic research divisions. They "do not admittedly come primarily from science; transdisciplinary concepts from science, research and innovation (...) can however play a large supporting role" (ZSI 2008, p. 28).<sup>21</sup> If the new social practices involve the product dimension instead of technical artifacts, the process dimension of social innovations concerns the "social construction of new realities", the creation and structuring of institutions as well as behavioral change (Hoffmann-Riem 2008, p. 591 et seq.) and thus the empowerment of actors in a specific collective to have the necessary cognitive, relational and organizational skills (Crozier/Friedberg 1993, p. 19). Accordingly, market use and market-induced incentives are not relevant for social innovations. Their genesis and diffusion really occurs primarily through the medium of "living experiences" and change-oriented "capacity-building" (Moulaert et al. 2005, p. 1972).

It applies for every invention that these can only be an innovation when they have achieved a notable and comprehensible level of dissemination. Technical innovations are described as such by virtue of their market success. The invention of the electrical engine for cars, for example, has been around as long as the combustion engine that has established itself largely without rival on the market over decades. Only with the entry of the electric motor in production vehicle manufacturing has it become an innovative engine technology.

For social inventions, it can be said that these only become social innovations "when introduced into a new setting" (Conger 2003), when they are widely accepted and used and so become practically effective as a "successful introduction of an innovation in a social system" (Gerber 2006, p. 13). "When in the process of the implementation and dissemination of a social idea it becomes a social innovation, it contributes to overcoming concrete problems and satisfying existing needs in a society" (ZSI 2008, p.

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<sup>20</sup> For more on the diversity of a "society's innovations" and the necessity of a correlated comprehensive innovation concept, see also Rammert 2010.

<sup>21</sup> In this sense, Volker Hauff recently provided a reminder regarding sustainable development and regaining a leading role for science. "Science", said former Minister for Research and Technology, "[is] no longer the driver" of sustainability. Though it does have "the best chances" to regain this position. In Hauff's view, science is practically predestined for it. "Sustainability has a lot to do with science," Hauff said, for a central function of science is "to identify consequences". Sustainability is thereby a "crisis term" that reflects knowledge and action and simultaneously represents "dynamics and the future". (Rat für Nachhaltige Entwicklung 2010)

7). It can also shape new and marketable services or service concepts, for example. The decisive criterion in a social invention becoming a social innovation is its institutionalization or its transformation into a social fact through planned and coordinated actions, "active dissemination", or the successful implementation and dissemination of a new social fact or social state of affairs (Durkheim 1984) occurring through unplanned diffusion (Greenhalgh et al. 2004).<sup>22</sup> Over the course of the discussion process that, in the case of both technical and social innovations typically undergoes multiple distinct phases, from agenda setting to matching, redefining, clarifying and routinizing (cf. Rogers 2003) every innovation is transformed in a context-specific manner.

In the case of social innovation, social groups and/or actors take on more of the role that market plays for technical innovations.<sup>23</sup> "The 'social acceptance' of an innovation leads to its spread, institutionalization and ultimately to the loss of its character of being something new." "The diffusion, acceptance and adaptation of social innovations by definition do not occur in individual environments but always in socially formed environments" or figurations (Hochgerner 2009). The institutionalization of social innovations "cannot be [achieved] by a societal agent acting alone" (Gerber 2006, p. 12), but requires its diffusion or dissemination which in turn are rooted in the evaluation and acceptance of the effects of the new social practice by target groups and those affected. In this regard, social innovations are much more context-dependent and more specific than technology in type. As they can be neither patented nor copy written, they must be considerably more attuned to the specific social context or field and gain social acceptance (cf. Hoffmann-Riem 2008, p. 604). The diffusion chances of social innovation are usually the greatest where established institutions are not active or are only marginally active, failing with regard to solving a certain problem, including problems in the areas of domestic upkeep, environmental awareness in behavior, sustainable consumption, active aging, socially responsible business.

In this sense they, as Kesselring and Leitner (2008) claim, – just like technical innovations – cannot be initially evaluated by criteria for economic success. A social innovation is initially nothing other than an intended change in social practices that in some way or another contribute to overcoming concrete social problems and/or to satisfying the needs of specific societal actors. Only through being embedded in a specific social context do the other assessment criteria come into play that often decide whether a social invention becomes a social innovation. These vary naturally with the tangential societal function systems (such as politics, law, science and the economy), subject areas (social security, family, education, etc.) as well as substantive reference areas (sustainable development environmental protection, gender mainstreaming, etc.) (cf. Hoffmann-Riem 2008, p. 592 and 596 et seq.).

Social inventions (in contrast to technological) can have different yet usually closely linked paths of diffusion and/or dissemination. They can assume their form and be disseminated via the market (such as new services, business models, logistics and application concepts) as well as technological infrastructure ("web-based social networking"), social networking and social movements (gender mainstreaming), via governmental guidelines and support, via intermediary and self-organized institutions such as foundations, in inter and intra organizational processes, via the effect of charismatic

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<sup>22</sup> "Diffusion, in which the spread of innovation is unplanned, and active dissemination, in which the spread is planned, formal, etc." (Greenhalgh et al. 2004, p. 15).

<sup>23</sup> In their study "In and out of sync. The challenge of growing social innovations", Mulgan et al. investigated the conditions for successful diffusions of social innovations and used this as the basis for their recommendations on what action should be taken. "There are frequently strong pulls from politics, public agencies, civil societies and the public for specific social innovations, and strong pushes from people with creative ideas. However there is a striking absence of institutions that link the two. (...) Their weakness makes it difficult for promising social innovations to get through periods of difficulty and underperformance that characterise even the most successful ideas." (Mulgan 2007, p. 5) In this respect, organizations are necessary actors in the diffusion of social innovation for the authors (cf. Ibid., p. 9).

individuals or social entrepreneurs (Mumford 2002; Illouz 2008; Dees 2007), through "living experiences" and a diverse array of forms of communication and cooperation as well as change-oriented "capacity-building" (Moulaert et al. 2005, p. 1972). In the process of diffusion, social innovations often come into conflict with prior practices and routines through their "creative destruction" (Schumpeter).

Decisive for successful diffusion, namely the process through which the social ideas and inventions spread through existing communication paths in a social system, is lastly their compatibility with the practical rationale in certain fields and their "utility" in terms of their (future) adopters. This process occurs outside the controlling mechanism of the market analogously to the adoption rate used in marketing research that tracks the market introduction and penetration of a product. The "early adopters", the opinion leaders for the innovation-ready mainstream, follow the handful of "innovators" who believe and are willing to experiment and assume risk. The "late majority" that is reluctant with regard to the innovation and finally the group of conservative "stragglers" then follow. This marks the completion of the diffusion process and the innovation has taken hold. With regard to both the diffusion process of technical material innovations and institutional and social innovations, network relationships play a decisive role (cf. Okruch 1999; Valente 1994).

In connection with the transformation from an industrial society to a knowledge and service economy and the associated rise in the market relevance of the new service products as well as the increasing degree of connection between social and technological innovations following the developments surrounding "web 2.0", diffusion as regards market introduction and penetration is gaining in significance. Even if diffusion does not concern market-induced incentives (exclusively), the affiliated new forms of cooperation and communication can always be on the path to "being integrated into the process of marketing", such as selling successfully implemented platforms and their subsequent operation by commercially oriented companies (Hoffmann- Riem 2008, p. 592) or through processes of "interactive value creation" (Reichwald/Piller 2006).

#### **4. SOCIAL INNOVATION AS RESEARCH TOPIC AND SUBJECT MATTER**

In her overview of the concepts of social innovation, Gillwald referred to the diversity of the ways and areas in which it manifests itself (Gillwald 2000, p. 5). She categorized selected examples of social innovations into three large functional distinctions, namely civil society, the economy and the state. For Gillwald, social innovations in the area of civil society include the increasing significance of non-marital partnerships or the environmental movement. In the economy category, she included the introduction of the production line, quality management and fast food chains. State undertakings comprise the introduction of social security and the regional reform instituted in Germany in the 1970s (Gillwald 2000, p. 3 et seq.). Kesselring and Leitner also propose relating social innovation more explicitly to a concrete social context, as found in Zapf (1989) (cf. Kesselring/Leitner 2008, p. 21). Their suggested possible application areas of social innovation in their work included the divisions services, politics, life styles (cf. Ibid., p. 10).

With an eye to the international debate, chapter 4.1 outlines the application fields where more recent empirical research on social innovation is concentrated. The connection between service and social innovations, which was initially marginalized but has become more important, is then explored in greater detail (4.2) before proceeding to a depiction of the pronounced surge in the discussion on the topic in the German social sciences propelled by the discourse concerning strategies for sustainable development in the last several years (4.3).

##### **4.1 Research subjects in social innovation in the international debate**

The first research area approaches are crystallizing in the international debate to treat social innovation as a separate type of innovation and make it more accessible as the subject of empirical investigations. Moulaert et al. (2005, p. 1973 et seq.) identified four research fields in which the concept of social innovation is increasingly becoming the subject of research in the social sciences: management and organizational research, in investigations relating to competition and social responsibility, in research on creativity and in connection with the processes of local and regional development.

(1) In *management and organizational research* in the 1990s "emphasis is put on the role of 'improvements' in social capital which can subsequently lead to better-working (more effective or efficient) organizations in the economy and thereby generate positive effects in terms of social innovation across the sector." The authors regard studies on social innovation in the non-profit sector (see, for example, the Stanford Social Innovation Review, <http://www.ssireview.org/>) as an interesting spin-off. In this research field, there a lot of connections that can be made in the long tradition of *labor research* in Germany. The topic of social innovation has implicitly been playing an important role for many years. While humanizing work, and subsequently the social contract aspect shaping technology, was the focus of research in the 1970s, the issue of the innovative capacity of a society or company has been the center of attention since the early 1990s.<sup>24</sup>

The term innovative capacity is multifaceted and has many reference points. When the term innovative capacity is used, it usually refers to the social and institutional prerequisites for successful (usually technological) innovations. While the debate about regional and national innovation systems has predominantly centered around the structural, political and institutional prerequisites for innovative capacity on a national and regional level, management and work-related aspects of innovative capacity are the focus in the program "Working – Learning – Developing Skills – Potential for Innovation in a Modern Working Environment". The terms organization, qualification, technology, and health care are of central importance.

It can be ascertained that labor research was guided by the idea of an all-encompassing conception of innovation at a very early stage. Specifically in labor research's analysis of the complex inter-relations between social and technological innovation processes in companies, it championed a comprehensive understanding of innovation in its field.<sup>25</sup> It highlighted the social and "human side of innovation" and emphasized the great importance of human labor in innovation. The dream of a factory devoid of humans that dominated many discussions through the end of the 1980s has largely disappeared (Schmauder 2007, p. 22). Successful innovation processes are no longer first and foremost the result of action undertaken by an individual within a corporation, but instead tend to be "collective achievements" (Volkholz 2007, p. 48).

The emphasis on the social preconditions of innovation processes in a company and networks as well as the focus on labor as a central resource make it possible to list connection points to international organization research (cf. Moldaschl 2006).<sup>26</sup> Precisely with the example of labor and management-related change processes in companies can the consequences and significance of the concept of social innovation prove itself in successfully shaping these processes (cf.

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<sup>24</sup> Development is expressed in the sequence of central funding programs from "humanizing work", "work and technology" to the program "innovative work design and the future of labor".

<sup>25</sup> Cf. also articles in Ludwig et al. 2007, Streich/Wahl 2007 and Gatermann/Fleck 2010 that present current findings in labor research.

<sup>26</sup> With regard to labor and management-related innovation research, important connection points arise in international management research and its shift towards organization capacities, skills and resources. Terms such as "absorptive capacity" (Cohen/ Levinthal 1990), "dynamic capabilities" (Teece et al. 1997), "strategic change capabilities" (Pettigrew/Whipp 1993) describe central concepts of this research direction. Moldaschl 2006 and Beinhocker/ Bertheau 2007 provide a good overview of this debate and its internal distinctions.

Kesselring/Leitner 2008; Howaldt et al. 2007). They require deep penetration of value creation and innovation processes to the levels of labor organization, communication and cooperation structures, corporate culture and management, demands for skills and a well-considered use of technology. It no longer makes sense to split functionalities and work responsibilities into hierarchical patterns of management (central) and execution (peripheral), but they are to be seen as a dual unit that reorganizes itself in specific combinations of innovative responsibilities and day-to-day tasks (cf. Wohland/Wiemeyer 2006). This opens up an investigation direction that serves as the basis for future demands and skills for management as well as "simple" employees in innovation, not only in terms of an organizational interior structure, but also in incorporating interactions with external specialists. Putting new innovation management into effect and the resulting changes and adjustments in companies signify a far-reaching social innovation (cf. Howaldt/ Beerheide 2010).

A cross-research perspective arises in conjunction with current developments in the area of management research at the junction between new technological developments and changed management concepts. Research work on knowledge management (Howaldt 2010), "open innovation" (Piller 2004) or "Company 2.0" examines the development of new management concepts in connection with web 2.0 technologies (cf. Tapscott/ Williams 2009; Klotz 2008; Howaldt/Beerheide 2010 and Pelka/Kaletka 2010). "A trend-setting social innovation of global proportions" emerges from the associated "interactive value creation" (Hoffmann-Riem 2008, p. 602). On the one hand, social networks and communities are recognized as the drivers behind the development (cf. Schenk 2008, p. 28). On the other hand, the new technological possibilities change well-established communications routines on every social level, and with wide-reaching social consequences. In this respect it is not surprising that the authors of the study "Future and future ability of German information and communication technology" emphasize: "The positive drivers and levers supporting further diffusion of internet usage in Germany can be found first and foremost in the area of education. (...) Here corresponding financial, infrastructural and especially didactic tools need to be made available across Germany in a uniform manner" (Münchner Kreis et al. 2008, p. 12).

( 2 ) A second research area identified by Moulart et al. presents interdisciplinary research concepts that, almost overlapping, examine the connection of "*Business success and social/ environmental progress*". The discussion surrounding the social economy and its connection to the market economy is of particular importance in line of research (Moulart et al. 2005, p. 1974). Important reference points on the European level also include the debate on corporate social responsibility (CSR). From a cultural perspective, attention is paid to the relationship between skills and social responsibility (cf. Antoni- Komar/Pfriem 2009) posing the question: What skills do economic actors have for social development and the implementation of social innovations for an independent responsible examination of certain social problems and the associated approaches to resolve them, for perception, for reflection and reinterpretation of entrenched routines and the development of creative products? Relatedly, the question arises how these skills can be developed and enhanced.

The debate concerning *local and regional governance* (cf. Holtkamp 2007; Fürst 2007) proceeds from the point of promoting developments on a local and regional level with the help of more flexible and innovative ways to find solutions for the benefit of the greater good. The heart of this comprises network-like forms of social self-direction with actors from politics, administration, the economy and civil society, the learning processes and the generation and offering of knowledge for community-related problem solving or furthering social innovations.

(3) A third line of research related to *creativity research* examines social innovation that, like the core of the Schumpeterian understanding of innovation<sup>27</sup> – relates to the impact of charismatic individuals (cf. for example Mumford (2002) in his studies on Benjamin Franklin).

(4) The fourth and final line of research described by the authors is devoted to *local and regional development projects*. In Europe, research on the topic of social innovation has been being conducted from a regional perspective since the end of the 1980s, particularly by Louis Laville and Frank Moulaert. The ideas were seized upon in Canada, particularly by CRISES and have since lead to a large number of research projects.

Another publication, entitled "Social Innovation, the Social Economy and World Economic Development" (Harrisson et al. 2009), that presents and summarizes the results of a RLDLW conference headed up by CRISES in Montreal in 2008 also focuses on the junction between social economics and regional development. "Social economy has become one of the most dynamic sectors of the world economy. There are some 800 million people active within it on all continents." (Széll 2009,p. 1) The event organizers assume that "the concept of social innovation has been rapidly thrown out of anonymity over the last twenty years in Western Societies. Indeed it started from rare use for the designation of new trends with society to a common application of a new social phenomenon. Its sources are numerous and various. Social Innovation has spread out through wide-ranging organizations and associations in communities, territories and societies" (Harrisson et al. 2009,p. 7). The career of the concept is regarded as being a reaction to growing social economic crisis and the problems of the welfare states, making new social arrangement necessary (cf. Ibid., p. 12). "Civil society takes the lead through economic and social initiatives. Social innovations result from a strain in the institutions and systems that support the development of individuals and communities" (Ibid.). It is precisely this increased importance that makes work on the concept of social innovation an important task for the future. "Accordingly it acquires broadened significations that need some new interpretations. But what is 'social innovation' all about?" (Ibid., p. 7). Organizations consciously assume a global perspective and purposefully incorporate development trends in emerging nations into the conceptional discussion: "(...) social innovations have huge impacts on national and regional economies as their sources come from the citizen living in specific locations. Many initiatives presented in this volume are a social response by civil society to poverty, precarious employment, job losses, long-term unemployment, delocalization and de-industrialization. The economic dimension of social innovation and social economy is hard hitting. The latter is also connected with new issues in the economic development such as renewable energy and microfinance" (Harrisson et al. 2009, p. 15 et seq.). In the authors' view, social values are a major driving force of social innovation (Ibid., p. 11).

Against the background of the experiences documented and the articles collected here, the issue of the spread and financing of social innovations proves to be a central problem. The research work of Mulgan et al. (2007) under NESTA (National Endowment for Science, Technology and the Arts) examines the specific conditions for the diffusion and dissemination of social innovations. They come to the conclusion that social innovations also require professional innovation management. Social innovations generally spread not merely through "lifestyle choices" (Ibid., p. 9) nor do they diffuse in a controlled way. Instead, organizations tend to play a decisive role in the dissemination of social innovation. The authors develop an action guideline based on their empirical case studies regarding the professionalization of the work of social innovators and investors (cf. Ibid., p. 25).

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<sup>27</sup> "The process is (...) generally that the ideas coming from strong personalities are seized upon and enacted due to their influence" (Schumpeter 1912/2006, p. 543).

## 4.2 Social innovation in service research

For more than ten years, the Ministry for Education and Research (Bundesministerium für Bildung und Forschung, or BMBF) has been funding service research and service development. In doing so, it has assumed a pioneering role in international development. The BMBF laid a cornerstone for the extensive development and promotion of services with its 1995 initiative "Services for the 21st Century". "The impetus for this expansion in research funding was the discussion about the "German service desert" and the finding that there were "service gaps" in Germany in comparison with other leading economies. What was even more important was the conviction that the service economy still harbors a high degree of innovative capacity and untapped innovation potential, which makes it a driver for growth and employment in a dynamic economy" (cf. <http://pt-ad.pt-dlr.de/de/707.php>, accessed 03.05.2010). Targeted research and development funding in strategically significant areas for action must make a contribution to a deeper understanding of the specific conditions of the service sector to unlock the "service" factor of innovation.<sup>28</sup>

The topic of social innovation in service research is also increasingly gaining in importance. However it is still debated whether the specific character of increasingly important service innovations with a stronger focus on social innovations can be adequately captured. Bienzeisler et al. are critical of an independent analysis of social innovations in service research with reference to the systematic character of innovations (cf. Bienzeisler et al. 2010, p. 12). Simply because innovations in a cooperative service system can "hardly be precisely subdivided into technological social innovations" (Ibid., p. 250) does not, however, rule out an analytical differentiation between technological and social innovations. To the contrary, these represent, as described above, the first prerequisite for creating a comprehensive understanding of innovation (cf. also Rammert 2010). This is all the more important, Bienzeisler et al. concur, "to present the relationship between technological and social innovation today in a new form" (Bienzeisler et al. 2010, p. 250). These changes and the associated development of cooperative service systems also present "challenges to service research because the focus on form and optimization of a clearly distinguishable customer-provider situation shifts into the distributed interaction and communication processes in the service system" (Ibid.).

Even today there are numerous examples of social innovations that can be named in the area of services that are similarly incorporated in economic marketing processes as technical innovations. Gillwald (2000) cites fast food chains as an example in her examination.<sup>29</sup> A whole host of other instances for the economic significance of social innovation can also be found in the interim report of the service impulse circle (2005). Greenhalgh et al. (2004) provide a systematic overview of the state of scientific discussion on innovation in the area of health care-related services. They define service innovations in this context "as a novel set of behaviors, routines, and ways of working that are directed at improving health outcomes, administrative efficiency, cost effectiveness or user's experience and that are implemented by planned and coordinated action" (Greenhalgh et al. 2004, p. 1).

Heinze and Naegele (2010) work in current trends in the area of social services with an expanded understanding of innovation in which social innovations have their own value. Their central thesis states: "The growing importance of the service sector and the social services in our context demand an expanding meaning of the term innovation to include the reconfiguration of social arrangements." As such, the authors assume that social innovations "are continuing to gain importance not only in the field of solving social problems but also from the perspective of the whole society". A crucial factor for

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<sup>28</sup> Over the course of extensive research work, a series of high caliber publications came into existence (cf. <http://pt-ad.pt-dlr.de/de/119.php>, accessed 03.05.2010).

<sup>29</sup> "The major innovation of McDonald's lay in the technically undemanding combination of ready made food, self-service and marketing, and yet this fast food company changed the world" (Fischermann/Heuser 2009).

success for social innovation here is the emergence of innovation networks "in which the different groups of actors – focused on one subject (such as the integrated logistics discussed here) – strike out new paths in social change in an interactive process." Furthermore, social innovations will take hold when "new areas of growth for the economy and (non-precarious) employment can be created in *socially useful* areas" (Heinze/Naegele 2010, p. 298).

With regard to users, Jacobsen and Jostmeier (2010) define service innovations as a "new option for acting" (p. 220). In an understanding of social innovation with this focus, which can also be "related to commercial services where the actioning of corresponding service innovations is not based on companies broadly and unidirectionally reaching into the users' environments", the authors see "new possibilities to better understand the process of tertiarization and processes of service innovation" (Jacobsen/Jostmeier 2010, p. 232).

The growing economic importance of the service sector, just like the growth of the social economy, could also contribute to the dissolution of what may be the primary cause for the shadow existence of social innovations in comparison to technical developments in the natural sciences. Braun- Thürmann's asserted that social innovations can "hardly realize economic gain which in turn leads to them to tend to stay in the periphery of public and political interest in a society that often describes itself in categories of economic success or failure" (2005, p. 25), and this could soon be a thing of the past. With its mounting importance in expanding the economic production capabilities of companies and regions and their potential to "move from a responsive filling of the gaps left by the private market, to generate an economic dynamic of its own" (Murray et al. 2008, p. 9), the interest in social innovation will rise significantly in the coming years.

If technical innovations as new products represent the central aim of the innovation process in the area of the manufacturing industry and process innovations are a means to more efficiently produce these products, then social innovations are the very new "products" in the service sector and are therefore the aim of the innovation process. In this respect production and consumption, particularly of services related to people but also of those relating to companies tend to occur at the same time (uno-actu principle) and the corresponding degree of consumer integration, their (changed) living conditions, behaviors, norms and values is higher than in the production of material goods, social and service innovation are closely intertwined with one another. This is especially apparent in the establishment of new use routines and the changed behavioral patterns associated with it as well as the new service products (cf. Hirschel et al. 2001; Konrad/Nil 2001; Fichter 2010). These types of complex system innovations and transformation processes require, and at the same time are, social innovations and the intelligent use of new technologies (cf. Bierter 2001, p. 11).

### **4.3 Social innovation and sustainable development**

In connection with what has ceased to be seriously contested directional shift to sustainable development, recognition is taking hold that the issue is a cultural or societal challenge in the sense that it cannot be successfully overcome theoretically by simple employing methods from the natural sciences, nor practically through the use of new technologies (cf. Pfriem 2006). Instead social structures and active practices, "nuanced change in social environmental practice" (Leggewie/ Welzer 2009, p. 203) are central in the search for possible solutions. Hence this centrally concerns the ability of societies to think long-term, be willing to reevaluate central values and seriously revise their own life styles (Diamond 2008, p. 646 et seq.).

In addition to the thesis of the necessity of extensive cultural change, attention in the sustainability discourse in the social sciences and multidisciplinary fields has increasingly shifted to necessary social innovations in the areas of

- governance structures (e.g., Heidenreich 1997; Newig et al. 2008), politics (e.g., Lange 2008; Giddens 2009), regulation (cf. Bauriedl/Wissen 2002), institutions (e.g., Minsch et al. 1998; Voß et al. 2002),
- the economy and labor (cf. Linne/Schwarz 2003; Burschel et al. 2004; BMBF 2002; DIW et al. 2000),
- consumer behavior, the style and level of consumption (e.g., Fichter et al. 2006),
- use regimes and systems and the associated user-oriented and efficient service and complex system innovations (e.g., Konrad/Nil 2001; Kiper/Schütte 1998; Fichter 2009).

The term sustainable development necessitates a targeted, fast and far-reaching change "of consumption habits in industry, the state, trade and individuals" (BMU 1992, chapter 4.15) that explicitly addresses radical changes that reach far beyond (necessary) technical innovations at the level of political direction as well as social practices. The interdisciplinary and international discussion that has been carried out intensely since the early 1990s calls for the need of a multi-dimensional plan of action that focuses especially on the necessary social innovations relating to the junctions between different rationales (economic, ecological, social) with the aim of finding better and alternative ways to meet existing needs and to more effectively work through unintentional repercussions and side effects of industrial development in society (as relates to climate change, for example) than before. It is precisely in this context that service innovations coordinated to changed "consumer habits" and use concepts play a central role (such as in the areas of mobility, construction and habitation, energy and water sector).

Socio-ecological research, a funding focus of the BMBF, drew attention at quite an early stage to the connection between sustainable development and social innovations in terms of being an independent topic and subject area (such as car sharing, mobility consulting) as well as from the perspective of interactions and linkages and interconnections with technical innovations ("system innovations"). Here the aspect of a targeted intentional shift towards sustainability in the sense of "path changing" (Nil et al. 2002) and the related directional perspective are central. The 1999 framework program for the new research focus outlined the topic, research and practice area of "socio-ecological transformations and societal innovations" (Becker et al. 1999, p. 27 et seq.). Here "social and institutional innovations for societal searching, learning and decision-making processes" (Ibid., p. 32) are in the foreground, namely civil society self-organization, networking, process management, participation processes, as well as "new cultural practices" in diverse, especially ecologically relevant areas of needs such as nutrition, mobility and residential issues, etc. The sociological research proceeds from the assumption that technical economical potential (in the field of energy use for example) relating to sustainability can only be tapped if social practices change accordingly. In this sense, the respective institutional, habitual, and other impediments must be identified and the applied innovations with the corresponding directional impact must be initiated in social practices. Accordingly the central issue is "the targeted change and formation of systems of social rules as a condition for the sustainable resolution of problems" (Voß et al. 2002, p. 82).

The necessity of tenable alternative social options becomes quite clear given the growth pitfalls qua rebound effects associated with increased efficiency (Voß et al. 2002, 251 et seq.). Brought to bear by lower costs on the one hand and reduced time requirements on the other hand, increased efficiency is in part more than offset by the effects of growth<sup>30</sup> – a classic problem of unintentional side effects and an important starting point to approach social innovation in terms of social practices. As long as the technology-driven growth spiral manifested by rebound effects of this kind is further exacerbated, a risk

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<sup>30</sup> As can be observed in cases such as energy-saving light bulbs, combustion engines, industrial production, the paradox of communication in conjunction with new the sense I&C technologies, the illusion of the "paperless office".

exists that technology-induced increases in efficiency and path changes (such as renewable forms of energy) in the sum of their sustainability effects will be gambled away.

It is very apparent that the scope of the topics that social innovations and sustainability intersect has expanded in conjunction with the rising acceptance of the need for sustainability and has also become more socio-politically relevant (cf. Schwarz et al. 2010). The topics are no longer simply missions and visions, but also the political, institutional and social requirements and innovations necessary to realize them. If non-sustainable development is the result of an extensive institutional, systematic and management crisis, then the transition to sustainable development can only occur with social innovation and governance structures that foster sustainability. The subsequent demand in research on the way social and sustainable innovation interact will primarily concern: To what extent social innovations themselves can expand on sustainability innovations, what social innovations conflict with what sustainability criteria and what sustainability criteria are critical for the success of social innovations?

This overview of the central application fields for a (theoretically and conceptually developed) concept of "social innovation" makes it clear that the topic has gained traction in a series of research fields and social contexts and has provided proof of its explanatory faculty in the emergence, establishment and mutability of social practices and routines. However there has only been a rudimentary level of synergistic penetration and cross-pollination in different fields of research. If a theoretically feasible concept of social innovation is to be developed, a discussion that spans every field of research is paramount. In the literature presented, points of contact and junctions can be identified that can be expanded upon in this respect. Examples include bridging the separation between technology-oriented research in the areas of the internet and web 2.0 applications and management research that were mentioned earlier. The discussion at the meeting point between company-related innovation research and social economy and/or the concept of a sustainable and socially responsible economy shows potential in approaches of a theory for social innovation that exist in the systematic exchange of different social rationales.

## **5. On the Role of the Social Sciences in Researching and Shaping Social Innovations**

As we can see, criticism of a one-sided innovation paradigm limited to technology is the central starting point for the discussion of the topic of social innovation in the greater public as well as in the social sciences. In many concepts, this also connects to a critical look at the role of the social sciences in innovations. The "division of labor" between natural science and mechanical engineering on the one hand and social sciences and the humanities on the other hand that is integrated into the current debate on innovation is described by Blättel- Mink (2006) as follows: "Natural and engineering sciences are different than social sciences and the arts primarily in that the former produce innovations or the prerequisites for innovations while the latter reflects on the emergence, the implementation and the success of innovation or also seek to explain the process (by means of compression)" (Ibid., p. 31).

Specifically in its analytical function, research in the social sciences can contribute greatly to conceptually processing the social prerequisites for innovation and the social character of innovation processes. Its strengths rest in the analysis of innovation processes and their contextual circumstances. The findings gleaned here have permeated social consciousness deeply, have determined the thinking

and action of social actors and have contributed significantly to establishing a new "sociologically enlightened" innovation paradigm.<sup>31</sup>

The social sciences have reinterpreted the process of innovation, but other disciplines continue to dominate this field, primarily technological natural sciences. If the vantage point were shifted from technical innovations to social innovation as an independent type of innovation, the storable self-limitation of the social sciences to the concomitant research associated with a reference to the complexity and paradoxically loaded nature of innovation proves to be insufficient. For it is here that the subject matter of innovation itself rests immediately in the disciplinary perspective and the affiliated capacity for action and formation.

Purely analytical concepts fall short precisely in relation to the specific content of social innovations. After all, as mentioned previously, social innovations (in contrast to technological innovations) are an elementary component of the social sciences (especially sociology) in terms of content, and as such social innovation can be not only analyzed and indicated from a level of comprehension, but also be engendered and (co)shaped in terms of its (social and societal) preconditions, repercussion, etc. Thus it is hardly surprising that the role of the social sciences in examining *and* shaping social innovation is an important issue in the international scientific discussion on social innovation.

### **5.1 Social innovation as the topic and subject matter of the social sciences**

Wolfgang Zapf connected the analysis of the meaning and specifics of social innovations with the question about the role and possibilities of the social sciences in researching social innovations (Zapf 1989, p. 182 et seq.). Up to now these ideas have not led to increasing the social sciences' responsibility to play a role nor has it enhanced its capacity to do so (cf. Howaldt 2004). It is worth noting in this regard that the action research appreciated by Zapf as social innovation in German social sciences has become less influential. This can only be partially explained by the weaknesses of action research itself which aims at merging both the scientific demands and the problem-solving processes practiced on a day-to-day basis, which is quite problematic in light of the differentiation of societal subsystems (cf. Howaldt 2004, p. 28). However, it is not a satisfactory solution to forgo large portions of research in the social sciences to some sort of defined practical efficacy and to return to a natural science-oriented self-conception as "pure" science with the function of scientific analysis and describing society (cf. for example Kühl 2003) in light of society's changed demands.

These one-sided analysis-oriented approaches in research in the social sciences prove to be curiously innovation-resistant in terms of both functional expansion and routines for generating knowledge and thus give up important opportunities to assume a key role in innovation research as well as the shaping of innovation processes. It seemed apparent to Wolfgang Zapf that "a greater emphasis on application and innovation (...) would give (social science) disciplines a better status, better career opportunities and greater relevance" (Zapf 1989, p. 183). However, the social sciences need appropriate and context adequate concepts in this regard (cf. Kesselring/ Leitner 2008). An orientation on nature and engineering sciences cannot be a solution due to the specific character of the social sciences as well as the particularities of social innovation. In contrast to the natural sciences, social sciences and particularly sociology are, as Giddens highlights, "deeply entangled in their subject matter" (Giddens 1992, p. 412) and the divide between the practical and the scientific is therefore considerably smaller. It

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<sup>31</sup> The theses of Beck and Bonß in innovation research from the 1980s on the process of diffusing findings in the social sciences into practice seem to have been confirmed. The social sciences in this sense have proven to be an important supplier of findings that have penetrated social consciousness deeply and have lastingly shaped the related concepts in politics and the economy for directing and managing innovation processes of this sort without, however, having profited from this as a discipline (cf. Beck/Bonß 1989).

is precisely this structural integration in the area of its subject matter that is a source for the discipline's difficulties to credibly claim its "expert status" in a direct comparison to the natural sciences. "Looking at it from a technological stand point" (Ibid., p. 411) the practical relevance is rather limited. In contrast to the natural sciences that guarantee the category of causality in relation to an area of application *ex ante*, the social sciences lack "an equivalent that functions equally well for the meantime" (Luhmann 2005, p. 375).

To resolve the specific problems of sociology and to re-describe the specific roles of the social sciences beyond the science-centered understanding of the practice of science, the discussion on the topic of social innovation offers important inspiration. Key references to the specific potential of the social sciences can be found in Zapf. "Social scientists search for, develop and select new ways to do certain things and solve problems" (Zapf 1989, p. 183). In this sense, Zapf believes that they could be helpful in building new institutions. In the previously mentioned positive reference to action research, Zapf emphasizes that it is precisely the application-oriented "tools for making decisions [delivered by the social sciences] – forecasts, incremental planning, social experiments, evaluation, practices for mobilization and motivation – (...) that [can] indeed enhance the ability of modern societies to solve problems and direct themselves" (Ibid., p. 183). Zapf distinguishes between potential contributions the social sciences can make to social innovation:

- Decision-making help (survey research, personality tests, advisors risks and technology repercussions, human resources planning, etc.)
- Sources of social technologies (quality compass, co-determination model, group therapy),
- Approaches for general theory in order to better understand innovation and productivity (1989, p. 182 et seq.).

However, recognizing that social innovations are increasingly building on "the knowledge, skill and toughness of politicians, managers and professionals (...) and the day-to-day practices (*pratiques*) of subcultures and social movements from the bottom-up" (Ibid., p. 182) as technical innovation is of great importance in developing appropriate concepts in a version of the social sciences that is oriented towards shaping social innovation.

This sort of understanding of innovation processes requires developing appropriate forms of cooperation between science and practice that are not centrally focused on the transfer of expert knowledge into social practice. In this context, contributions from the social sciences to shaping innovation cannot be exhausted in "consumption products", but forms of generating knowledge must be developed that do not feature potential users or customers as what will adopt the innovation in the end but are instead incorporated into complex communication networks as equal co-producers (cf. Howaldt 2004 and 2005). The aim of the conception of cooperation is to organize the process of change itself as a learning process that fosters the development and skills of every actor involved and enhances their ability to determine and reflect.

In this context, interest in the subject of consulting in the social sciences has been increasing since the mid-1990s. This interest touches not only on the growing importance of the consulting sector in the wake of establishing a knowledge-based society. It also involves the question regarding appropriate concepts that increase the practical efficacy of research in the social sciences in the context of organization-related or regional innovation processes and could arise in coming transfer models<sup>32</sup>. Consultancy concepts inspired by systems theory were of particular interest in this regard (cf.

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<sup>32</sup> In this sense, the research concept connected with the "Developing learning - working - skills" seizes upon important aspects of modern innovation research and it is trend-setting in terms of the structural connection of partners in science and practice (cf. Howaldt 2004; Nowotny et al. 2001).

also Howaldt/ Kopp 1998). New formats for design-oriented social sciences thus emerged on the intersection between consulting and research.<sup>33</sup>

## **5.2 Conceptual design and research in the context of social innovation**

The way that these new roles for the social sciences are perceived and the research designs and methods that are applied vary across the different fields of research in social innovation. The Zentrum für soziale Innovationen (ZSI) that was founded in 1990 in Vienna with a consistent transdisciplinary approach has been concentrating successfully on the researching, development and dissemination of social innovations in different action areas for over two decades and thus affirms Zapf's assessment that tools in the social sciences are well-suited for this in a unique way. Transdisciplinarity means in this context both the collaboration in the practical application and use of knowledge in non-scientific fields of work as well as the integration of findings from practical settings into the process of teaching, developing methods and constructing theories in the sciences (cf. Hochgerner 2008, p. 5). As such it combines the processes of research, consulting, network coordination and education into an integrated overall concept.

In a similar way, the Sozialforschungsstelle Dortmund has been developing a new type of research in operational and regional innovation processes since the mid-1990s that focuses centrally on the production of scientific findings in connection with solving practical problems to master social innovation processes in companies, regions and politics (cf. also Franz et al. 2003; Howaldt 2004). For instance, this involves the development of new forms of working and organization in companies, the creation of inter-organizational cooperation and learning networks, the support of international transformation processes in regional networks as well as the interdisciplinary and transdisciplinary development and implementation of technical and social innovations with regard to proactively and dynamically adapting regions to the effects of climate change.

The work of Geoff Mulgan et al. also concerns practical matters. "Together, these would contribute to a more social innovation system, analogous to the many and diverse systems which exist around the world to promote technological innovation" (Mulgan et al. 2007, p. 5). In a collaborative research report by Mulgan's Young Foundation and NESTA (National Endowment for Science, Technology and the Arts), the focus is thus on clear recommendations for social innovations for politics and financing as well as an action guideline for innovators.

With projects like ALMOLIN and SINGOCOM in the field of local and regional development, Moulaert et al. aim at the promoting developments that propel social integration in different social spheres from the labor market to the educational system and socio-cultural developments (Moulaert et al. 2005, p. 1970).

As an interdisciplinary and inter-university research center for social innovation, the Centre de recherche sur les innovations sociales (CRISES) also aims to examine and spread social innovation in the areas of regional development as well as life and job quality. It also collaborates systematically with partners in the economy, politics and society (<http://www.crisis.uqam.ca/pages/en/>).

One example of how politics and science can promote social innovations can be found at the Sozialforschungsstelle Dortmund that has been commissioned by the Economic Ministry of North-Rhine Westphalia to carry out a "service competition for the Ruhr region". The objective of the competition was to develop innovations and marketable service products with the intention of unlocking new areas for growth and employment opportunities in the Ruhr region as one of the largest European service markets. Project ideas were awarded that were aiming to improve the housing conditions and

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<sup>33</sup> Cf. also articles in Franz et al. 2003.

quality of life for the elderly, integrate mentally ill migrants, establish daycares, etc. These ideas involve social innovations that are translated into concrete business ideas and marketed as innovative services (cf. Kutzner 2010).

In conclusion, it can be maintained that the underlying field and area of application for social innovation can be separated from technical innovation and that it simultaneously seems to mark a relevant unique characteristic regarding the role and potential of the social sciences. The approaches described here are closely connected with scientific reflection and practical creative drive. As Kesselring and Leitner (2008, p. 14 et seq.) explain, social innovation is to be "regarded as the interface point between sociological reflection and social action as it requires reflecting on social problems and intentional action."

## **6. Trends and Future Research Are as: The Contribution of Social Innovations in Working Through Global Dilemmas**

A look at innovation politics in Europe supports our thesis that there is a paradigm shift to which innovation research in the social sciences has made an important contribution. On a program level, European research and innovation has been developing a new perspective on innovation since 1992 at the very latest. The social gained considerable ground on the technical in terms of value in the EU's research framework program. The fourth research framework program's assessment report mentioned a division "that is as deep-reaching and fundamental as the original creation of the framework program itself. (...) There should be a transition from research that has been predominantly oriented towards technical achievements to an emphasis on efficient research that can contribute to fulfilling the basic social and economic needs of citizens" (Caracostas/ Muldur 1998, p. 15).<sup>34</sup> This marks a conception of innovation as a social phenomenon: "Innovation is not only an economic mechanism or a technical process. It is first and foremost a social phenomenon (...). The purpose, impact and framework conditions of innovation are closely connected to the social climate in which they arise" (European Commission: Green Book on innovation, 1995, quoted in Caracostas/Muldur 1998, p. 16). At the same time the European understanding of innovation is being increasingly enriched by the mission for sustainable development.

These developments have been shaped heavily by the study by the European Commission mentioned earlier. The study represents the greatest mile stone on the path to the social science foundation of the concept of innovation in European innovation and research policies. Briefly summarized, we are currently in the midst of a phase in which innovation is no longer shaped by industrial and key technologies but is instead informed by a "science-based society" wherein markets are determined by the "demand for products, systems and services focused on knowledge and learning" (Ibid., p. 151).

The cornerstone of an adequate understanding of innovation is therefore (cf. Ibid., p. 143 et seq.):

- the particular meaning of the role of a coordinator in conveying the different innovations of pertinent groups of actors;
- interdisciplinarity, heterogeneity, recursivity and reflexivity of the creative process;<sup>35</sup>
- the emphasis of historical, cultural and organization requirements;

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<sup>34</sup> The report set the course for shaping the subsequent framework programs visible today. The value of the social dimension in the innovation process is becoming increasingly acknowledged. The "Science in Society" focus within the seventh framework program indicates that science and society are also being forced closer together to establish science "in" society.

<sup>35</sup> These considerations draw from the criticism of technological determinism of a linear sequential understanding of innovation and by contrast refer explicitly to Gibbon's explanations of "mode 2".

- greater inclusion of the users/citizens in processes of "co-creating" founded in "social pull" and "public policy drive";
- the use of new concepts and instruments that are personally developed to analyze the dynamic of heterogeneous actors and the dynamic of exploration;
- a systemic perspective on innovation in the sense of "national innovation systems" with research, development, production and marketing being simultaneously optimized in an interactive process;
- the "hybridization" at the cusps of both society (practitioners/users) and science (experts/developers) as well as (soft) social sciences and (hard) mechanical engineering and natural sciences.

In an internationally constructed study (FORA 2010) designed as an input for the new OECD innovation strategy to be presented in 2010, an approach for a new nature of innovation has been placed at the center of the analysis and the necessity for new innovation policies is considered. In addition to the previously mentioned indicators for a growing transformation of the principles and drivers of innovation from technology and science to processes of "co-creating" and "user-driven innovation" (Ibid., p. 9), there are other issues at play, namely the challenges facing the global society and the welfare state explicitly as well as how these can be sustainably solved in a socially responsible way in the sense of "Corporate Social Innovation" (Ibid., p. 43 et seq.) as a central driver of innovation. "Public demand is considerable and remains important to economic activity and could be used in a strategic way to stimulate corporate social innovation" (Ibid., p. 11).

Against this background, the extensive transformation of amended innovation policies focused on science and technology is being recognized internationally as one of the state's central responsibilities (Ibid., p. 62). In this context, three political arenas are identified as central: generating new knowledge and skills, smoother regulation and dealing with public demand intelligently. "New knowledge is required to deal with new forms of innovation. Knowledge about co-creation of value and exploring user understanding are necessary, and skills for working in multidisciplinary innovation teams will be crucial. If governments can design and implement standards and regulation in smarter ways, smart regulation can be an engine for innovation. And if public demand can be used more intelligently it can be another strong engine for new forms of innovation" (Ibid., p. 65).

In German innovation and research policies a "phase of expanding increasing the efficiency of national innovation and education systems" inspired in no small part by the social sciences is beginning (cf. Welsch 2005, p. 207 and 221 et seq.). The program in more recent German innovation policies is guided by the concept of the national innovation system and has also departed from its explicitly professed notion of a linear and sequential innovation process that spans basic research to market penetration and can be rationally planned, managed and realized: "Innovation cannot be prescribed" (BMBF 2006, p. 2). Government policy is instead understood as a relevant component of a national innovation system that is responsible for creating the basic conditions necessary and a favorable environment for innovation with diverse incentives and instruments as well as inspiring the necessary dialog and critical examination that every actor needs to take part in.

A broader conception of innovation that spans the promotion of science and technology has established itself in the stricter sense in the rhetoric and program of actors in innovation policy and the governmental promotion of innovation. In addition to technological innovation, it also comprises "social, organizational or other forms of innovation". Organizational innovations aim primarily at developing and introducing more efficient processes. In the broadest sense, social innovations extend across improving working conditions and "investing in human capital" as "the most valuable resource in the innovation process" (BMWi/ BMBF 2002, p. 16) to the wide-reaching complex (of mastering)

social change and reforming the welfare state. From the perspective of government innovation policies, social innovations understood this way primarily are means for the purpose of: "creating and ensuring growth for the long term by putting our faith in the best that thing that we have in this country: The people who work here live, teach, learn and work" (BMBF 2006, p. 3).

Overall, the program in German innovation and research policies has had a more forward-looking approach instead of a more defensive and reactive strategy and has been more location-oriented instead of a "picking the winner" over the last few decades. In terms of agenda, innovation policies are directed at diffusion over mission and contain approaches that are increasingly need-oriented as well as product-oriented in addition to hardware and orgware strategies (such as "Innovative capacity in a modern working world" (BMBF 2005). These policies also comprise participatory approaches to innovation (such as the support program for "humanizing the working world" and "socially responsible technical design"). At the program level there are more and more approaches for "innovation policies for a knowledge society" (Welsch 2005, p. 314 et seq.) that primarily rest on initiating and supporting learning processes as well as supporting the processes of exchange that are related to knowledge and promoting human resources. There are echoes of context management concepts in the program emphasis on creating framework conditions that promote innovation and increasing innovative capacity.<sup>36</sup>

However, the directional motivation for action in innovation policies in Western industrialized countries from the end of the Second World War to today has essentially remained in an innovation and growth paradigm resting in funding for the economy and technology in each division of the respective policy or welfare state model (cf. Münch 2007). 1998 began with a criticism of what was already an outmoded understanding of innovation and a hopeful statement "that the active involvement of economists and social scientists in scientific technical research projects is still something new, both in Europe and elsewhere" (Caracostas/Muldur 1998, p. 157). In 2004 the Fraunhofer Gesellschaft, a committed member of the "Partners for Innovation" and (in its own words) "the driver in the innovation process in Germany" (Fraunhofer Gesellschaft 2004a), attested to serious structural weaknesses in Germany's current innovation policies, reviving amongst other things criticism of the dominance of the linear model and pleading that the existing findings be heeded (cf. Fraunhofer Gesellschaft 2004, p. 75 et seq.). They claim what is needed, not only in terms of program but also as regards implementation, is primarily a new flexibility and learning capacity in politics, society, the economy and science regarding "systemic innovation policy". "What is required for this is that communication and exchanges are strengthened, interface points are managed, user-manufacturer collaboration is enhanced, the creation of new networks (new combinations) are supported and there is a dissolution of the entrenched (creative destruction). This makes learning processes possible, attention and interest for innovative concepts is generated and it becomes easier to articulate societal needs and market demands" (Ibid., p. 77)

The high tech strategy (BMBF 2006), the greater framework for current research and innovation policies, signifies the German government's attempt to constructively respond to criticism of previous innovation policies. This "comprehensive national innovation strategy" explicitly responds to the issue of "the greatest challenges society is currently facing". "It is precisely in difficult times that demand concentrates on innovation in health care, protecting resources and the environment, energy, mobility and security. Key technologies such as nanotechnology, microsystems technology or biotechnology are also important drivers for innovation" (<http://www.hightech-strategie.de/de/77.php>, accessed 22.02.2010).

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<sup>36</sup> Cf. Fichter 2003 from a management theory and systematic terminology perspective.

As the name suggests, the high tech strategy prioritizes promoting technical and technological innovations. The potential significance of social innovation does not enter the focus of this line of thought. This is reflected in issues such as the disciplinary divide in the promotion of innovation: "Technological transformation is changing our world view at a previously unknown pace. While the natural sciences create the conditions for this transformation as well as the knowledge about its direction and the side effects of technology, the humanities are responsible for reflecting on this shift culturally and socially and providing it with an orientation" (BMBF 2006, p. 10).

Against the background of the findings in innovation research summarized in this trend study, this concentration in research funding on advanced technology can be described as problematic because this sort of focus does not satisfy the complexity of innovation processes nor the growing importance of social innovation and thus neglects major potential for innovation. "Innovation policies that are exclusively confined to R&D funding but overlook the relevance of practical experiences and processes of technological linkages between the different sectors contract their stated aims" (Hirsch- Kreinsen 2008, n. pag.).

There are many indicators that social innovations will become more important in the futures as a new innovation paradigm is established. It can therefore be assumed that social innovations will assume central importance in the context of the Europe2020 strategy in light of growing social challenges. "In order for innovation to be a critical tool to address challenges covering many societal dimensions, a broader definition of innovation needs to be adopted. It is now widely agreed that this definition should include social innovation" (INNOGRIPS 2010, n. pag.). The evaluation of the Lisbon strategy also makes it clear that the existing strategy needs to be expanded. Against the background of the recognition that the great challenges facing modern society, such as rising unemployment, demographic and climate change that are inherently social in nature, the Bureau of European Policy Advisers (BEPA) for the European Commission formulated in its memorandum entitled "Social innovation as part of the Europe 2020 strategy" that "social innovation can offer one way forward to cope with the societal challenges and the crisis the EU Member States are facing" (BEPA 2009, p. 2).

As described in chapter 4, research in management and labor play a greater role with their strong orientation toward increasing companies' innovative capacity. The heightened focus on the issue of innovative capacity and its well-established research tradition provides labor research with important starting points to place new emphases in international innovation research teams and make a specific contribution to international debate. It can assume the role of functioning as a motor for innovation nationally. Precisely with the example of labor and management-related change processes in companies can the consequences and significance of the concept of social innovation prove itself in successfully shaping these processes (cf. Kesselring/Leitner 2008; Howaldt et al. 2007).

The increased inclusion of social innovation in research areas creates an important condition to effectively confront the central dilemmas of globalization. With the emphasis on human labor and the reference to the technological and social requirements for preserving and expanding companies' innovative capacities, labor research contributes not only to minimizing the tension between human resources and financial pressures but also to dissolving the conflict between business and the individual. The exploration and development of new innovation management concepts that aim to open up the innovation process to society will be able to contribute to reducing the tension between customer orientation and innovation.

In this respect, intentionally combining the program "Working – Learning – Developing Skills – Potential for Innovation in a Modern Working Environment" with the German government's high tech strategy will prove to be fruitful. This also applies in a thematic sense as topics and concepts from the

high tech sector have been intentionally adopted ("network", "open innovation"...). But this also applies to incorporating projects that are expressly researching current development trends in high tech industries and are looking at new modes of production and innovation as well as their impact on human labor and new management challenges. Even looking at new "leading industries" brings with it important findings about central development trends and the resulting challenges for the preservation and expansion of innovative capacity. At the same time these findings also afford new perspectives on typically more traditional industries that reposition themselves in response to changing demands.

However the program's efforts alone are not enough to promote innovative capacity in the German economy and society and further advance research in innovative capacity. The central challenge lies in translating the program's findings and the broader understanding of innovation this is based on (as well as the associated research concept) to other high tech strategy programs. The questions relating to the social prerequisites for successful innovation processes, including the significance of employment as a crucially important driver of innovation need to be integrated into other programs and plans which are often one-sided and technology-oriented.

For instance, the study "Future and future ability of German information and communications industries" points out the close connection between social and technological innovation. The first recommendation for the future of IC technologies in Germany relates to funding to overcome the digital divides in society. "This expert survey clearly confirms there is not an insufficient technical availability of broad band internet access or economic barriers or an anti-technology society standing in the way of overcoming the 'digital divide' in Germany. The positive drivers and levers supporting greater diffusion of internet usage in Germany can be found first and foremost in the area of education" (Münchner Kreis et al. 2008, p. 12).<sup>37</sup> A chapter has also been dedicated to the meaning of social innovation, particularly as regards the use of web 2.0.

With the focus on social innovation, the directional view over the economy and society is expanding, or as Schumpeter wrote as early as 1911, over "the overall picture of the political economy" and "social cultural development" (Schumpeter 1912/2006, p. 463 et seq. and 545). For Schumpeter, the entrepreneurial function, which he describes as the "actual basic phenomenon of economic development" (Schumpeter 1964, p. 119) is an expression of a specific type of *human behavior* (Ibid., 119, Fn. 20) which signifies a "step away from the routine" (Ibid., p. 126) and can indeed also be found in other historical contexts and social areas, such as science (Ibid.).

The shift in focus towards social innovation means more than just taking new or other phenomena into account. To the extent that something new occurs at the level of social practices and not in the medium of technical artifact, a fundamental conceptual realignment in innovation research is necessary (cf. also Rammert 2010 as well as MacCallum et al. 2009). A social innovation is a new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellation of actors in an intentional, targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices. It relates "to living together in communities and society" and concretely means "new forms of participation and social integration, of reconciling interest and social justice as well as individuality and solidarity" (Rammert 2010, p. 43). The challenges arising in conjunction with globalization and the relevant dilemmas in action and direction that accompany them require first and foremost responding by initiating and organizing fundamental transformation processes in central areas of society as well as carrying out and spreading extensive social innovations.

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<sup>37</sup> We were able to make similar findings with respect to the growing importance of social innovation in our research on corporate knowledge management. The studies especially provided insight into the dysfunctionality of knowledge management that is heavily reliant on technology in a business setting (Howaldt et al. 2004 as well as BMWi 2007).

In light of the rising dysfunction in the processes of differentiation in society that is becoming apparent and the related dilemmas, social innovations are revealing their unique power particularly where different social (sub)rationalities intersect. "In this context, social innovations can be seen as intentional action to solve problems that lead to a shift in social orientation, such the combining economic and social objectives in a business's approach" (Kesselring/Leitner 2008, p. 7). In this respect they play a pivotal role in the crucial resolution of the contention that tends to arise between the reference points of<sup>38</sup>human resources and fiscal pressure, cooperation and competition as well as sustainability and maximizing profits. At the heart of this is realizing transitions, or in other words "to create something new with the reflexive and strategic action that breaks rules and path developments and enact this with power and networks" (Rammert 2010, p. 39). This cannot be achieved with an innovation perspective that is focused solely on technology and the economy.

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<sup>38</sup> Rammert (2010) points out that the "introduction of technical and economic innovation (...) does not live up to the variety of innovation is society and the diversity in the respective reference systems." "A conception of innovation is required (...) that comprises other societal references in addition to an economic reference" (Ibid., p. 21 et seq.).

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# **SOCIAL INNOVATION, AN ANSWER TO CONTEMPORARY SOCIETAL CHALLENGES? LOCATING THE CONCEPT IN THEORY AND PRACTICE**

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## **Abstract**

Social innovation discourses see in social challenges opportunities to make societies more sustainable and cohesive through inclusive practices, coproduction and proactive grassroots initiatives. In this paper we are concerned first that the concept has been stretched in so many directions that it is at breaking point. We illustrate this by documenting the varied uses of social innovation in different academic and policy discourses. Second, we assume that, if social innovation is to be a useful concept for policy-makers, then it must tell us something about what adjustments are needed to develop an effective political economy that is social innovation ready. Finally, we argue that what is needed is more theoretical and empirical work to help social innovation to develop into an effective policy tool.

**Keywords:** social innovation; European policy; social policy; EU 2020; economic underpinnings; neo-liberalism

## **Introduction**

Advanced economies face a growing number of social, economic and environmental challenges. More concretely European nations are currently undergoing major demographic transformations. Because of declining fertility rates and increasing life expectancy, the European population is aging. At the same time, it is expected that ca. 40 million people will migrate to Europe between now and 2050 (European Commission 2006). These demographic changes put pressure on the public purse and question intergenerational social contracts on which existing welfare systems are based.

The 2007/2008 sub-prime financial crisis led to deep recession in many European economies. Europe's economic woes further intensified with the sovereign debt crisis and subsequent deficit-cutting policies. The EU-27 average of gross domestic product (GDP) per capita in purchasing power standards dropped by 6% between 2008 and 2009. Several countries at the European periphery (Greece, Ireland, Portugal and Spain) had contracting growth in consecutive years. Greek GDP has fallen by more than 11% since the beginning of the crisis (EUROSTAT 2012), and the country is expected to remain in recession into 2013. Growth in real GDP in the Euro area has been low since 2008 and will remain sluggish. The International Monetary Fund (IMF) estimates GDP growth to be negative (-0.4%) in 2012 and to be only 0.2% in 2013 (IMF 2012).

For the first time in more than a generation, Europeans are faced with the prospect of increasing poverty and declining living standards. Unemployment rates are at record levels in some member states – 14.7% in Ireland, 24.7% in Spain, 15.7% in Portugal – and even European core countries such as France and Italy have high rates of inactivity (10.4 and 10.6% respectively; EUROSTAT 2012). More than one in 10 labor force participants are expected to be unemployed in the Euro area in 2013 (IMF 2012). The economic crisis hit vulnerable people particularly hard. Unemployment is acute among young people. Over one in two people aged 15–24 are out of work in Spain and Greece; in

France and the UK, youth unemployment is well over 20% (OECD March 2012).

There is empirical evidence which supports the view that liberal social values, such as tolerance, rule of law and democracy, progress in nations where the benefits of economic growth accrue to all (Friedman 2006). In contrast, declining living standards for the majority and the lack of employment opportunities for young people are two of the foundations of the renewed spectre of political extremism and heightened social tensions causing civic unrest in a number of countries. Economic woes and changes to the European social fabric have a deep impact on social security and public finances. It is therefore ever more pressing to develop policies which address inequality and social exclusion and which aim to (re)integrate marginalized population groups into social and economic life.

While societal development in the nineteenth and twentieth centuries was driven by technological progress and economic dogmas, the twenty-first century must give rise to social innovation to encourage societal and systemic changes. Social innovation has become particularly attractive to policy-makers because of the difficulties traditional welfare systems face in meeting the growing and diverse needs of society (Borzaga and Bodini 2012). Therefore national governments like the Obama administration but also the European Union and the World Economic Forum put great hopes in social innovation to design and implement creative ways of meeting social needs and to build cohesive and sustainable societies. Social innovation is a key element of the European vision incorporated in Europe 2020 strategy by the European Commission. Europe 2020 aims to convert Europe into a social market economy delivering high levels of employment, social and territorial cohesion (European Commission 2010).

From a European policy perspective, research is needed first to understand what works in delivering economically successful social innovations which facilitate smart, sustainable and inclusive growth as key objective of Europe 2020<sup>1</sup> and second to address the basic societal needs and demands of society's most vulnerable groups (including the unemployed, the elderly, women, non-educated persons and young people; European Commission, Bureau of European Policy Advisors 2010). It is, furthermore, important to understand how public policy, including at a regional, national and European level, can accelerate, promote and measure the impact of social innovation. This will necessitate a working definition of social innovation.

### **Conceptualizing social innovation**

Social innovations have become highly popular among policy-makers but its meaning continues to be ambiguous and vague. While social innovation is not a novel idea, the instrumentalization of social processes to create better societies is a departure from past doctrine or as Franz, Hochgerner, and Howaldt (2012) put it, it is the intentionality of social innovation that distinguishes it from mere social change. Part of the difficulty in defining social innovation comes from both its potential to meet pressing social needs and its use of new social processes to deliver products and services. In other words, social innovation can refer to both the means and the ends of action. Thus, social innovation may refer to new products and services that address social needs, that is, products and services which help to build more sustainable, cohesive and inclusive societies. We call this type of innovation goal-oriented social innovation. Mulgan (2006), for instance, terms social innovation as “innovative activities and services that are motivated by the goal of meeting a social need”.

The Young Foundation understands social innovation as those “new ideas that work in meeting social goals” (Young Foundation 2007). Phillips, Deiglmeier, and Miller (2008) define social innovation in similar ways as “a novel solution to a social problem that is more effective, efficient, sustainable or

just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals”.

However, social innovation may also imply new processes that make use of social relations to deliver products and services in more efficient ways. As Mumford (2002) put it, social innovation is “the generation and implementation of new ideas about how people should organize interpersonal activities or social interactions to meet one or more common goals”. Howaldt and Schwarz (2010) make a similar point and argue that social innovation is a “new combination and/or new configuration of social practices ...with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices”. From this perspective, social innovations take place at the level of operational practices and are instrumental to the way in which things are done. Social innovation thus defined is primarily a means to an end rather than an anticipated outcome of a given process. We call this type of social innovation process-oriented social innovation.

Some commonly used definitions of social innovation combine goal-oriented and process-oriented innovation. NESTA (Murray, Caulier-Grice, and Mulgan 2010), for instance, suggests that social innovations are those “innovations that are social in both their means and their ends”. The European Commission in its report “Empowering People, Driving Change Social Innovation in the European Union” adopted the same definition and argues that social innovations are not only good for society but also enhance society’s capacity to act (European Commission 2010, 33; see also President Barroso’s speech on “How to boost Social Innovation” 2009). In this ideal type of social innovation the process is part of the outcome and social innovation is an end in itself.

In European public policy today there is consensus that social innovation broadly implies new ideas and new collaborations to improve effectiveness and meet social needs (European Commission, Bureau of European Policy Advisors 2010). Consequently substantial resources have been mobilized to research, develop and implement social innovation strategies. More specifically in Europe, social innovation is central in meeting the EU2020 targets to increase employment, support research and innovation, help people into education, reduce poverty and social exclusion and lower greenhouse gas emissions. The concept thus found a central role in European strategic policy papers, innovation road maps and public discourses (Bureau of European Policy Advisors [BEPA] 2011; European Commission 2012a, 2012b; Barroso 2009). Elsewhere, across the Atlantic, the Obama administration created the Social Innovation Fund in 2009 that is managed by the Office of Social Innovation and Civic Participation (OSICP) and holds US\$150 million. The OSICP promotes bottom-up small-state community-centered solutions to burning social needs and advocates local proactive engagement that is similar to the Big Society agenda in the UK. The Global Agenda Council of Social Innovation (2012–2013) at the World Economic Forum states that over US\$5 billion in the USA, Europe and Australia were made available specifically for social impact investment.<sup>2</sup>

The term “social innovation” has been also broadly embraced among socio-economic scholars. Social innovations have long been of interest to social science research: classical sociologists such as Durkheim and Weber investigated the complex societal transformations (new institutional frameworks, forms of control and solidarity) which went hand in hand with the techno-economic innovations of the nineteenth century (Moulaert 2009). Among academics there are variations regarding specific meanings, contexts and emphases between disciplines and subject areas (Pol and Ville 2009). Below we highlight the most significant of these.

In organizational studies, social innovation may refer to social capital as a resource for creativity, learning and skilling, knowledge exchange and capacity-building to make organizations resilient to rapidly changing external environments. The social innovation concept is also employed to research

management structures and to explore new forms of client relations (Denning and Dunham 2010; Bakhshi and Throsby 2010) and the development of (cooperative and shared) business models (Ridley-Duff and Bull 2011). One important site for social innovation is the workplace. Workplace innovation has been defined as: a social, participatory process which shapes work organization and working life, combining human, organizational and technological dimensions and resulting in a better quality of working life (Oeij, Klein Hesselink, and Dhondt 2012). Workplace innovation is primarily a development in private organizations, but there have been recent initiatives to include new cooperative approaches such as sustainable production and social services (Vlaamse Raad voor Wetenschap en Innovatie 2011).

A substantial body of literature in territorial studies explores the potential of social innovation for the development of new forms of governance, community formation and participation (MacCallum et al. 2009; Moulaert et al. 2007, 2010; Swyngedouw 2005). Sub-concepts such as milieu of innovation and social capital stress the depth and effectiveness of networking and collaboration for regional economic competitiveness (Fromhold-Eisebith 2004). According to Florida (2002), one of the three institutions of the creative economy is interaction and proximity, or a broad social, cultural and geographic milieu (the other two being technological creativity and entrepreneurship). Castells (2000) argued that technological innovation in the second half of the twentieth century took place because like-minded innovators with complementary know how, cultural tastes, aspirations and values were locked into local social networks or milieu of innovation.

However, not all networks are creative and innovative. Other authors, most notably Granovetter (1973), pointed out that, while networks require stable and strong ties, the encounter of strangers and the input from people at the fringes of the network make invaluable contributions to the resources of that network. The interesting aspect here is to achieve an equilibrium between the number of acceptable weak ties without compromising social trust and hence the stability of the network. Social networks have also been instrumental in creating new forms of local partnerships driving positive change. Clarence Stone's (1989, 2001) work on urban regimes and more specifically Atlanta's urban informal stakeholder networks is noteworthy in this respect. Simplified, Stone argues that, in order successfully to implement change in an urban setting, local movers and shakers have to cooperate with each other. These movers and shakers are relatively defined and include community elders, representatives from business and politics, and the local media.

Environmental studies use the social innovation concept to highlight the complexity of global ecological problems. Environmentalists argue that isolated top-down technological innovations will not be able to deliver long-term sustainable development and to combat climate change (Renings 2000; Diedricha et al. 2011). In contrast, there is evidence for the potential of grassroots innovations involving novel bottom-up solutions and cultural change strategies that respond more effectively to local situations and interests (Seyfang and Smith 2007).

Entrepreneurship scholars have embraced the notion of social innovation and conflated it with social entrepreneurship (Bull 2008; Ridely-Duff and Bull 2011). Social entrepreneurs, like their commercial counterparts, are said to recognize opportunities (Renko 2013). Zahra et al. (2009) categorize social entrepreneurs along the dimensions of ambition, resources and capacity to scale, while reflecting on some of the contentious issues of accountability and ethics associated with their personal agendas. There has been a shift, especially in the so-called European School, from seeing entrepreneurship in terms of individuals' attitudes and behavior towards processes of discovering and exploiting opportunities, and the many contexts in which that happens (Down 2006). Entrepreneurs and their stakeholders, in the words of Sarasvathy and Venkatraman (2011), "often end up co-creating

new opportunities”. Co-creation may occur in business, public services and community settings (Sundin and Tillmar 2008; Amin 2009; Farmer and Kilpatrick 2009)

In the field of social policy, social innovation generally describes new forms of governance and hierarchies. New user–provider relationships such as public consultation and participation in decision-making processes, etc., are also central social innovation debates in public administrations. These relations involve co-production, where users shape services, make decisions and may indeed actually be the same people as providers (Needham 2007). The rising interest in co-production comes from a number of areas including the enhancement of the citizen orientation in public services, the promotion of the role of the underprivileged and the encouragement of the actions of a civil society (Pestoff and Brandsen 2010).

Social innovation has become a prominent concept in academic research and policy debates. When we survey these discourses we are struck by the varied uses and conceptualizations of social innovation. There seems to be a general consensus that the social is neither a passive receiver of policy interventions or of global economic forces but, importantly, that social networks and processes themselves are important resources to anticipate change and to make societies more cohesive and resilient. However, we wonder whether the varied understandings and conceptualizations of social innovation are always compatible and we are concerned that the concept of social innovation has been stretched in so many directions that it is at breaking point.

### **Social innovation and policy**

Leaving aside our concerns about the conceptualization of social innovation, we assume that, if social innovation is to be a useful concept for policy-makers, then it must tell us something about which adjustments are needed to develop an effective political economy that is social innovation ready. We are again concerned because social innovation, as currently conceived, could suggest myriad different and sometimes conflicting policy adjustments.

Consider, for instance, *technology*. The relationship between technologic and social innovation is complex and difficult to disentangle. While social innovations frequently make use of new technologies, the interplay between technology and the social is not a one-way linear relationship. Rather, societies and individual users apply new and existing technologies in innovative ways. Concepts such as design in use and the appropriation work of users in information technology refer to practical efforts to make technologies work. Innovation from this perspective is not about design or even about adoption but involves a process during which the user may accept, reject or repurpose the innovation (Willis, Webb, and Wilsdon 2007). The development of the Internet and more particularly social networking sites opened up vast opportunities for user-led innovation that ranges from political activism (the Arab Spring, and Student Protests in London 2011), to new user/public service provider interactions (Fix My Street, for instance; <http://www.fixmystreet.com>). The digital Open Source movement is a driving force behind socially innovative cooperative co-production processes. Numerous applications, including Mozilla, Open-Office, Wikipedia, Linux (to name only a few), were developed collaboratively by Open Source Community programmers and volunteers. Open Data movements and innovative/transparent forms of governance go hand in hand (<http://data.gov.uk>) with these new forms of coproduction. The Open Data movement lobbies government institutions, international organizations and the private sector to make private and public databases available to application developers. Therefore, the new technology co-creation community ethos of the Web 2.0 social media dialog questions not only the developer–user/producer–consumer dichotomy, but also the distinction between

public and private ownership.

In the digital age, the dichotomies of innovator–producer and user–consumer are blurring into each other. In short, recent technological and societal developments need new innovation models such as “open innovation” or “user innovation” in order to grasp empirically and adequately theorize the complex interrelationship between technology developer and technology users (see, for instance, Chesbrough 2003). Data is an important resource and output of these social-media innovations. Opening up government data silos to developers and communities is therefore potentially one way to support this growing social-digital economy. Yet to be of any use, the new superfluity of data needs to be structured, analyzed and interpreted (Wilson et al. 2013). This is an increasingly pressing challenge, deeply imbued by often overlooked issues of provenance and trust Cornford et al. 2013).

One of the defining features of social innovation is that it provides insights and develops capacity and soft infrastructure (intangible assets such as know-how, intellectual property, social capital, etc.) that endure and can be utilized by other sectors and forms of innovation. It may encompass, but go far beyond, technical innovations such as those supported under the Commission’s Information Society Transformation programs. Thus Mulgan et al. (2007, 35) note that “social innovations, unlike most technological ones, leave behind compelling new social relationships between previously separate individuals and organizations”. In this sense social innovation provides a double benefit: not only can it help in finding solutions to pressing social needs, but the process of social innovation itself implies beneficial, transformative change, rather than mere incremental improvements in products and/or services (Transform Consortium 2008). These aspects of social innovation presuppose much more proactivity from people who use services and new dynamic relationships between user and provider.

Let us now move on to the *creative and cultural industries*. Some influential observers (Florida 2002) argue that the joint expansion of technological innovation and creative content is the motor of today’s economy. The role of culture and creativity as drivers of growth and employment is high on the European Commission’s agenda. Cities around Europe pursued creative and culture-led economic revival strategies. For instance, the European Capital of Culture scheme served as a stepping stone toward post-industrial urbanism for Glasgow in 1990, Liverpool in 2008 and Marseilles in 2013 to mention only some examples; similarly Manchester has been successful in rebranding itself as a global city of popular culture and is equally a blueprint for culture-led flagship regeneration programs. In the hope to start up a creative enterprise culture, there has been stimulation from above through the establishment of designated zones of cultural consumption and production with initiatives such as affordable workspace, information technology- infrastructure and business start-up advice (Landry 2007; Mommaas 2004; Grimm and Milestone 2009) in most European towns and cities. In order to advance understanding of the economic underpinnings of social innovation, it will be important to assess creative alongside technological processes, goals and resources.

Next, let us look briefly at *labor market* reforms. According to some sources (Cliffton 2011), there is currently a global shortfall of 1.8 billion good jobs. That is, nearly one-quarter of the world population can expect to be unemployed or under- employed through some or most of their life. Productivity growth fueled by technological innovation is likely to exacerbate this shortfall further. Empirical evidence from across Europe and the USA suggests that growth sectors are often those which employ the low- skilled and lower-paid, for example care work, which is expanding with the aging population (Goos and Manning 2007). Access to high social status jobs offering good levels of social security is increasingly restricted and depends on high levels of human capital. There is therefore increasing pressure for continuous professional development and lifelong learning to adapt to changing skill requirements. Conversely labor market sectors which require lower skill sets have seen employee’s

terms and conditions become increasingly precarious (Cappelli 1993).

Consequently, those who are not academically successful are structurally shut-out of stable and well-paid employment situations (Barrett 2010). Failure to address the skills gap will impact on the general well-being of vulnerable population groups that, in interaction with other variables associated with precarious social situations (welfare dependency, low life expectancy, obesity, lone parenting and teenage pregnancy, crime and anti-social behavior, mental health etc.), create a chronic poverty cycle. Social innovation addressing labor market mismatches and the skills gap may offer routes to inclusion, economic activity and financial independence for the most disadvantaged groups in the population. Examples for innovation in education are the Open University and more recently free online courses from the MIT, the University of Berkeley and Harvard (<https://www.edx.org>), but additional avenues of capacity-building targeting excluded population groups remain largely to be explored. Ultimately closing the skills gap will create multiplier effects in terms of increased consumer demand, purchasing power, reduced welfare spending and better health and social outcomes.

We move on to the broader *economy and economic policy*. Some social innovation can be – and is – delivered in the framework of the market. The neo-liberal economic paradigm argues in general that markets are best placed to deliver economic growth and widespread prosperity. Thus Adam Smith in 1759 coined the (much overused) phrase “the invisible hand” of the market to describe how all may benefit from the market. In *The Theory of Moral Sentiments*, he writes, people: are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society. (Smith 1759, IV.I.10).

However, two hundred years of theorizing, economic research and practical observation demonstrate that, very often, markets are inefficient. Notwithstanding, in recent decades there has been compelling evidence to suggest that governments in some European countries are becoming less inclined to intervene to correct market imperfections, for example, those imperfections which arise from, or reinforce, increasing inequality. The pressing social and economic needs of those groups of society which are marginalized, and/or in a poor economic position, will not therefore be met if the market is allowed to be the final arbiter of distribution. Thus, policy-makers addressing social needs through social innovation must consider factors that distort market equilibrium, such as: a lack of sufficient income; inadequate access to credit; market entry costs; lack of education; gender, ethnic and/or cultural discrimination; and the lack of opportunities and information to engage meaningfully in society.

Advocates of social innovation argue that societal challenges offer new opportunities for economic growth. Key growth sectors for many European economies in the coming years will be health, education and social care (Mulgan et al. 2007). For example, spending on healthcare is currently between 5 and 13% of GDP for EU countries and is set to rise by approximately 4% by 2050. Most of the projected increase in public spending will be on pensions, healthcare and long-term care. In 2006, 20 million Europeans worked in the health and social services sector (Communication from the Commission 2009). These sectors are characterized by mixed economies, the strong involvement of public policy and a need for models of innovation that are very different from those that have worked in the technology and finance sectors (Mulgan et al. 2007). Social innovation, defined as it is by a focus on meeting social needs and combining insights from different sectors and disciplines, will be key to the development of more efficient use of resources in these high spending public services.

Markets, although trans-local and trans-national, continue to be embedded in unique national institutional and regulatory arrangements or what we may call *welfare regimes* and it is to these that

we turn next. Countries have different ways to organize and distribute welfare and social insurance, to produce social security and the sense of social safety. For instance, in what has been called the Nordic welfare model (in countries like Denmark, Finland, Iceland, Norway, Sweden and to a degree also The Netherlands), people are insured for social risks mainly by the state and they have a certain security and knowledge of what the future will hold. In turn, in the neo-liberal or Anglo-Saxon model, the sense of social safety is limited, making it more difficult to develop long-term life-plans. The fragmentation of society arising from the neo-liberal narrative's emphasis on individualization may lead to heightened social exclusion and marginalization when compared with more socially constructive welfare regimes. The effects of neo-liberal scaled-down welfare provision can be seen in the profound neighborhood-focused deprivation of the urban sink estates in the UK.

Against this background, successive UK governments placed more expectations on social enterprise as a delivery vehicle for welfare and public services than was observed elsewhere else in Europe. Over the past 15 years, social innovation in the UK has been systematically supported through public investment and new regulatory frameworks. More than £350 million of public money has been spent on social entrepreneurship, charity capacity-building and social ventures (Young Foundation 2007), helping to develop an estimated £24 billion social enterprise sector that now employs 800,000 people (Social Enterprise UK 2011). In the UK, particularly in England, social enterprise has become elided with delivery of public services under contract to state agencies (Teasdale, Alcock, and Smith 2012). Parts of health care were outsourced to the private sector and the Work Programme, the Conservative government's program to help welfare claimants back into the labor market, was subcontracted to private providers and voluntary groups. The opening up of the delivery of justice to greater involvement from the private and not-for-profit sectors has, according to the government, explicitly been linked to promoting greater innovation in developing solutions to reducing re-offending (Fox and Albertson 2011). Linking public and business spheres in this way may be less acceptable in other countries (Farmer and Kilpatrick 2009) and whether these programs are successful remains debatable. In addition to market failures, there are also failures in policy processes as the output of policy processes differs from initial expectations. What this highlights, however, is the continuous importance of national (and local) regulatory regimes in fostering social innovation.

This takes us next to the issue of *finance*. While the public sector plays a significant role in providing the economic underpinnings of social innovation, making use of its massive purchasing power, dependency on the public purse also carries risks for the sustainability of the socially innovative sectors. The sovereign debt crisis has put existing social innovation models under funding pressure. In the UK, 50% of all social enterprises trade with the public sector and social enterprises operating in the most deprived communities are more likely to have the public sector as their main customer. Current budget cuts will directly impact on the viability of social enterprise sector, affecting service provision and employment in most deprived communities over-proportionately (72% of social enterprises reported a negative trading outlook; 24% of all anticipated redundancies will fall within the most disadvantaged communities compared with 9% in the least deprived areas; Social Enterprise UK 2011). Funding streams have to be diversified to make social innovation resilient and sustainable in cyclical environments. Innovation implies systematic research and development. R&D is often capital-intensive and it is skill-dependent. An innovative environment has to offer access to seed-corn capital; this can be provided through market mechanisms and public listings. Some medium-sized technology start-ups and pharmaceutical research companies raise capital in the Alternative Investment Market at the London Stock Exchange for instance; another example is the Social Impact Bond or the Big Society Bank in the UK. However, public listings will be beyond most social enterprises and may

contradict the social enterprise ethos.

Socially innovative individuals and organizations often do not fulfill the traditional funding criteria of private institutional creditors. They lack collateral (current assets or futures) and social return on investment; their organizational strategies do not follow traditional financial ratio modeling. Social innovators therefore find it difficult to draw on the credit facilities of the traditional banking system. Banks, in turn, are unwilling to take on the risks and costs of making small, uncollateralized loans (Karani 2007). This is particularly true since stringent credit regulations have been put in place following the credit crisis in 2007/2008. In other words, the demand and supply model of the traditional (credit) market fails to underpin social innovation investment.

However, alternative funding can be made available within the not-for-profit sector. Significant private and philanthropic funding has been encouraged through the introduction of tax incentives and reforms of legal and regulatory frameworks as well as lobbying. Wealthy philanthropies and their respective foundations such as the Soros Foundation or the Bill and Melinda Gates Foundation support the movement. Private credit institutes like Deutsche Bank AG and City Group also set up microfunds as part of their corporate social responsibility strategies. Such funds offer credit to those unable to access regular retail bank funding. In recent years, so-called microcredit has become an important source of finance for small innovative initiatives and entrepreneurship specifically in international development. According to Maes and Reed (2012), over the last 13 years, the number of very poor families with a microloan has grown more than 18-fold from 7.6 million in 1997 to 137.5 million in 2010. Microcredit has a strong gender dimension; access to microcredit helps women – who are more likely to be excluded from traditional banking than men. Women are also more likely than men to ensure that the increased income is used to improve the lives of their children. From 1999 to 2010, the number of poorest women reached by microfinance increased from 10.3 million to 113.1 million (Maes and Reed 2012).

The European Commission has recently set up several microcredit programs. JASMINE (Joint Action to Support Microfinance Institutions) is a microfinance pilot initiative launched in 2008 and JEREMIE offers EU Member States, through their national or regional Managing Authorities, the opportunity to use part of their EU Structural Funds to finance small and medium-sized enterprises (<http://www.eif.org>).

While microcredit offers some positive outcomes, it has also been criticized to the extent that it buys into a neo-liberal narrative which offers individualized solutions to collective and societal injustices (Bateman 2010; Dash 2012). Innovative finance can also seek inspiration from business models which have proved historically successful. For instance, the first successful cooperative was formed in 1849 in the north of England and enabled people working together to find ways of obtaining goods they could not afford in existing markets. The cooperative model has since been a preferred legal status for businesses operating in the social economy. Other examples of innovative finance are complementary local currencies such as the Brixton and Bristol pound (see, for example, Lietaer and Dunne 2013) or crowdfunding (Ordanini et al. 2011). This latter is a way of pooling money from smaller investors to support community initiatives and is particularly successful among the net community and in the creative/cultural sector.

Talk of finance takes us inevitably to the issue of risk and hence *regulation and regulatory frameworks*. Innovations can be disruptive, with outcomes that are unwanted for some. Thus Rogers (2003) and Sveiby et al. (2009) apply a taxonomy which consists of three dichotomies in the consequences of innovation: direct vs indirect, desirable vs undesirable, and anticipated vs unanticipated consequences. Consequences are direct when they trigger an immediate response to an innovation,

whereas indirect consequences are the second-order results of direct consequences. Desirable consequences refer to functional and undesirable ones to the dysfunctional effects of an innovation within a social system. Anticipated consequences are the intended and recognized effects of an innovation, while unanticipated consequences refer to its unintended and unrecognized effects. Innovation is an uncertain process (e.g. Souder and Monaert 1992; Jalonen 2011) based on trial and error and associated with the possibility of failure (e.g. Parsons 2006; Potts 2009) and thus risk (e.g. Gibbons and Littler 1979; Bhatta 2003). Dodgson et al. (2005), for example, have pointed out that there is a broad understanding in innovation research that the innovation process requires experimentation. Innovators, public and private investors need to manage innovation risks. Risk management can be facilitated through innovation-friendly legal frameworks, shared ownership and alternative ways to finance start-ups.

Regulatory frameworks, the availability of different organizational forms and attitudes to risk and reward will all shape the opportunities for social innovation to take place. Claims are prevalent that innovativeness is the main distinction of the non-profit/third sector but there is debate about the basis of this. Stephen Osborne and others in the evocatively titled article “Once and future pioneers” (Osborne, Chew, and McLaughlin 2008) challenge such claims from recent empirical evidence in the UK – finding that third-sector organizations working within public sector commissioning processes are dominated by approaches to risk management that privilege the tried and tested over the innovative. Historically the third sector innovated in welfare, often in ways later scaled up through mainstreaming into public services (Osborne, Chew, and McLaughlin 2008). Zahra et al. (2009) look at scaling from a much more individualized perspective in the attitudes and ambition of social entrepreneurs. Much of innovation therefore continues to depend on creative and opportunity seeking individuals.

Regulation and legislation are often cited as a barrier to social innovation. For example, in the UK micro-enterprises which meet local social care needs face regulatory, legislative and other barriers as a result of which many fail (Shared Lives Plus 2011). Yet new regulatory and legal frameworks can also provide opportunities and impetus for social innovation. These can take a wide range of forms including policy instruments (e.g. targets for employing people with disabilities, requirement that a proportion of services commissioned by government are provided by small and medium-sized enterprises and incentives to install renewable energy) and new legal forms such as the Community Interest Company designed to ensure that assets and profits are dedicated to community purposes (Department for Business, Innovation and Skills).<sup>3</sup> While the Community Interest Company is relatively new, some very old legal forms, such as the Industrial and Provident Society, are used by social innovators. For example, Suffolk County Council recently handed over its 44 libraries to an Industrial and Provident Society, providing opportunities for cost savings, greater community control and the development of innovative new services and ways of funding libraries (BBC 2012).

To conclude, although social innovation has become an important policy instrument, there is a lack of systematic research about how markets, the public sector and social institutions (including incentives, norms, legal provisions) work to encourage social innovation that will deliver on its promise to create sustainable economic growth and benefit those groups of society which are marginalized (including the unemployed, the elderly, women, non-educated persons, migrants and young people). In this brief review of social innovation and policy we are struck that social innovation, as it is currently conceived, could suggest myriad different and sometimes conflicting policy adjustments.

In “Empowering people, driving change: Social innovation in the European Union” the European Commission (BEPA 2011, 12) argues that:

While financing is a key issue at the different process development stages, there are also clear gaps in other types of support needed by individuals and organizations working in the field. Few robust models for scaling up social innovations exist, due to the fact that few commissioning and procurement structures are suited to social innovation ventures. In addition, there is a dearth of skills across sectors and relating to all stages of the innovation lifecycle. This situation is partly due to training programs lacking coherence, comprehensiveness or a global outlook, and also due to there being few developed channels for spreading skills, knowledge and experience. The field of social innovation remains fragmented and there is a need for more developed networks as well as innovation intermediaries for brokering the connections needed to nurture and scale up social innovations.

To make the situation more complicated, it is clear that social innovation often has a strong strand of localism running through it. This implies that policy instruments effective in one country may not work in another and the same may be true at a regional level. While it is important to develop a social innovation strategy across the European economic space, this strategy has to retain a local focus to draw on intangible assets such as regional identity and bottom-up networks and milieu.

It is clear from this short review that different welfare regimes and regulatory systems create distinct circumstances and environments for social innovation. There is therefore an urgent need for research on the relation between social innovations and economic policy, models of financing and welfare state regimes as well as regional and local institutional contexts, including tangibles such as regulatory frameworks and intangibles such as networks, embeddedness and soft infrastructure. In this way we can start to explore in what kinds of environments social innovations are created (or are not created). What kind of environment and what kind of settings are most favorable to the emergence of social innovations?

### **Setting out an agenda for academia**

There are three main challenges to researching and theorizing what works in delivering effective social innovations:

- the loci of social innovation;
- the concept of social innovation is under-theorized;
- new, multi-method approaches to research that will be needed.

Thinking first about the *loci of social innovation*, as already discussed, the broad range of activities falling within the concept of social innovation poses real challenges for research. Activity taking place across the public, private and not-for-profit sectors, involving social entrepreneurs, organizations and movements for change, pursuing a wide range of social goals, using different methods to engage and mobilize service users and developing through distinct, but sometimes non-linear stages (generating, developing, scaling up and disseminating ideas) means that a wide range of potential factors will be important in delivering economically successful social innovations.

At the *macro-level* global market forces will be important factors that can facilitate or impede social innovation. Markets are embedded in unique national institutional arrangements, macro-level economic policy, regulatory and legal frameworks, welfare regimes and modes of production. Countries have different kinds of ways to distribute and organize welfare and social insurance, to produce social security and the sense of social safety and henceforth create nation-specific market conditions. For instance, in general the role of the private sector in providing welfare is much more developed in the UK than in other European nations. (Perhaps a good example to illustrate different welfare regimes and nation specific approaches to particular policy areas is healthcare, which varies

greatly across European countries).

At the *meso-level*, social innovations require alternative business models of financing, distribution and/or employment and so these factors will be important in facilitating or impeding social innovation. However, the role, extent and viability of socially innovative practices largely depends on policy areas. For instance, the criminal justice system or care have different regulatory requirements and offer different opportunities for provision that facilitate social innovation in particular ways. Social and cultural norms will play equally a part, for example, distinct regional identities, existing local informal social milieus and sub-cultures.

At the *micro-level* attitudes to social entrepreneurship and organizational cultures will shape opportunities for individuals and organizations to develop social innovation. However, individuals' financial and personal capacity, their ability to access social capital and their willingness to take risks will influence opportunities for innovation.

The EU is a complex socio economic space with unique regional and national cultural identities. If social complexity has become an important asset class for the innovation process, then clearly European diversity is a competitive advantage. Then the challenge is to devise a policy that is prescriptive enough to promote social innovation on the macro- level within the European space while, at the same time being sufficiently flexible to allow for local particularities on the meso- and micro-levels. The above highlights the importance of multi-level governance to foster social innovation and to achieve the EU's 2020 target outcomes.

Next we turn to *theory*. At the time of writing, social innovation is under-theorized; this impedes attempts to conceptualize and establish its economic underpinnings. In the current macro-economic paradigm, so-called market fundamentalism or neo-liberalism, techno-economic innovation has been key to wealth creation. Wealth creation takes place in the context of a supposed free market. Yet the neo-liberal model by construction fails directly to tackle contemporary societal challenges such as uneven economic development, demographic transitions and environmental problems. It is generally assumed the market will address such issues as a side-effect of wealth creation. However, as many of these effects are examples of market failure through, for example, externalities, there is no market solution.

As a consequence of this oversight or neglect, many European regions struggle with high levels of dereliction, unemployment, welfare dependency, child poverty, crime and general deprivation. Social innovation, based on solidarity and reciprocity, is an alternative to the logic of the market ideology and suggests a different theoretical departure. This standpoint has profound implications for a study of the economic underpinnings of society in general because it suggests that, in policy terms, solutions will not be found in macro-economic policy adjustments alone, but will need to take account of the interplay between government policy, social and cultural norms and individual and social capacity, as well as wealth creation. In effect, we argue the market should be seen as a tool – one of several complementary tools – by which we seek to achieve social goals. This is in contrast to the concept that society must be reconfigured to achieve market goals.

We must recognize, however, an outright rejection of the currently prevailing economic paradigm poses major theoretical challenges for the emerging study of social innovation. It is not clear from where it should draw its theoretical building blocks. Social innovation is not an independent innovation class (Hochgerner 2012); an important insight from social research is the recognition of the need to develop integrated or holistic problem solving approaches that acknowledge the complexity of post-industrial societal challenges as multi-dimensional and interdisciplinary.

Social innovation extends the narrow economic and technological perspective on innovation and

its role in development to a more comprehensive understanding of innovation that includes transformations of human relations and practices (Moulaert 2009). In other words, we see the “economic” as embedded within social relations and institutions. *The Great Transformation* (Polanyi 1946) is a classic reference point for alternative economic models while more recently – informed by feminist thought – Gibson-Graham (2006) challenge the boundary between what is and is not economic. Therefore the social innovation perspective elevates academic discourses such as sociology to the center of the innovation debate (Moulaert 2009; Howaldt 2005). Indeed some observers argue that the post-industrial innovation paradigm is sociologically founded (Howaldt and Kopp 2012; see also Hochgerner 2012 who extends common types of innovation with Parson’s structural categories). Complexity theory may be one useful resource to conceptualize social innovation. Instead of a unified theory, complexity thinking refers to a wide set of concepts that can be used to explore dynamic drivers of change in socio-economic systems on multiple levels. Complexity thinking is a multi-disciplinary approach that can include the subjective as well as the objective (Mulgan 2012) in which comprehensive, holistic thinking replaces a world-view where simplifying causal relations, a linear time concept and predictability are emphasized (Fonseca 2002; Mitleton-Kelly 2003). Thus the Vienna Declaration of Social Innovation (2011) identified 14 research topics in social sciences and humanities to develop and implement social innovation policies addressing societal challenges of the twenty-first century.

Moving finally to *research methodology*, the study of social innovation presents methodological challenges that have yet to be fully addressed. On the one hand, research on market forces, economic and fiscal policy, welfare systems and regulatory frameworks might seem to fit comfortably with economic positivist models and methods which draw predominantly on quantitative analysis and include the use of econometrics, experiments and quasi-experiments. Such research seeks extrinsic (often monetized) objectives to determine optimality. By its construction, it addresses needs which are low on Maslow’s (1943) eponymous hierarchy.

On the other hand, research that studies the dynamics of organizational culture, the personal capacity of social entrepreneurs and reciprocity in marginalized communities. It seems to fit more comfortably with methodologies in the hermeneutic or interpretive tradition including, perhaps, radical and democratic versions of “action research” in which research subjects, in this case marginalized groups involved in social innovation, co-produce research with “professional” researchers. In this sphere, intrinsic rewards, such as the concepts of the “good life” and self-actualisation, may be considered. That is, the higher needs in Maslow’s hierarchy.

The challenge then is to negotiate the underlying epistemological and ontological contradictions implicit in different research strategies. It should be borne in mind that these are not just academic debates. They have implications for the ways in which research will inform policy. For example, claims to be able to construct evidence-based policy sit more comfortably within the positivist paradigm. In contrast, evidence in an interpretive tradition suggests clear limits to aspirations to create evidence-based policy with the development and progression of policy acknowledged to be a less linear, more iterative process in which the aspirations of policy-makers should be more modest. This latter model of policy-making suggests that policy outputs will have a strong situational dimension and will need to engage with those groups that they intend to benefit.

For EU 2020 targets such as fighting poverty and exclusion, reducing carbon emissions, increasing activity rates and raising educational achievements, this suggests a multi-method approach which includes a strong strand of participatory research that engages directly with target groups like marginalized and economically disadvantaged people. They are the experts on their own lives. At a

more theoretical level, it also suggests the need to challenge the “orthodoxy” within the functionalist managerial literature that often implicitly accepts the neo-liberal paradigm (see for examples the critiques of Dey and Steyaert 2010 and Curtis 2008). Theories of social innovation are important because they help policy-makers place social innovation in the broader policy landscape and highlight potential synergies and conflicts with broader economic and social policy. For researchers, theories of social innovation give an important steer to the kinds of research methods likely to be most productive. For evaluators of specific social innovation projects and programs, theories of social innovation support theory-driven approaches to evaluation and, in particular, the development of “theories of change” that are widely accepted as a useful starting point for complex program evaluations.

A theory of change explains both the “mini-steps” that are required to achieve a long-term outcome and the connections between these mini-steps. Theory of change encourages all stakeholders, including the groups who are intended to benefit, to articulate expected achievements. Carol Weiss, who is closely associated with the development of the “theories of change” approach, argues that a key reason why complex programs are hard to evaluate is because the assumptions which underpin them are sometimes poorly articulated (Weiss 1995).

## **Conclusion**

Social innovation is a multi-disciplinary concept that has found resonance in a number of academic disciplines and policy circles in the last few years. It also has a prominent role in achieving the EU 2020 targets that aim to raise the activity rate among 20–64 year olds to 75%, decrease the level of early school leavers to 10%, increase the level of tertiary education, reduce the risk of people falling into poverty and cut carbon emissions to 80% of 1990 levels. The concept is thus said to offer solutions to some of society’s most urgent challenges. Depending on the policy area or field of research, the concept has been taken on a variety of distinct but related meanings. The relatively loose definition of social innovation is a strength of the concept but therein also lies a weakness. On one hand, innovation processes may arise from and have as much impact as predominantly economic, social, cultural and environmental variables. In actual fact, any innovation is grounded in complex socio-economic constellations. Recent experience has shown that ideologically driven neo-liberal free market policy does not deliver social cohesion and equal life chances for all but further marginalizes already vulnerable population groups. With its interdisciplinary, interconnected and holistic understanding of social needs and by promoting social values, social innovation is perhaps better placed to develop sustainable responses to contemporary societal challenges than free market solutions.

On the other hand we have pointed out that social innovation, if it is applied successfully, has to be located in specific contexts. Context may refer to the different levels of governance and policy-making and includes the macro-level of institutional arrangements within particular welfare regimes, the meso-level of certain policy areas lodged in broader meta structures down to the micro-level of local community and neighbourhood politics. A general definition of social innovation can set basic parameters and provide support for innovative practices but these will have to be cross-referenced with national, regional and local constellations. Thus in order to achieve EU 2020 targets, for instance, balanced multi-level governance strategies have to be formulated that are prescriptive but which are equally flexible to allow member states, regions and neighborhoods to address their most urgent needs in efficient ways.

We agree with others (Howaldt and Schwarz 2010, the European Commission 2010) that social innovation is not purely target-oriented. The process – cooperation, coproduction, interaction, sharing of

resources, etc. – of delivery is an important outcome of the innovation itself. In other words, social innovation is a means to an end *and* an end in itself. In stressing the significance of social processes, social innovation emphasizes the value of social capital for building sustainable and resilient societies that have the capacity to act in an environment of permanent change.

By encouraging engagement and participation, social innovation pushes the ball of responsibility into the field of individual citizens. One may argue that active citizenship is part of a neo-liberal agenda where the state increasingly transfers its obligations to individual members of society. However, we have shown in this paper that the state has an important role to play in the social innovation model. The state can encourage social innovation and upscale innovative practices through its purchasing power, by providing regulatory and financial incentives and through the removal of bureaucratic barriers. Rather than trying to ideologically positioning the concept of social innovation in the big state/small state camps, we suggest perceiving social innovation as boosting collaboration and partnership between various stakeholders (the public sector, private enterprise and the free market, civil society, the charitable sector and individual citizens) that make up the social fabric.

Europe's research and innovation strategy Horizon 2020 makes societal challenges a key priority (European Commission 2011). If the EU preserves a prominent role for social innovation, then future research has to demonstrate interdisciplinary and cross-sectoral complexity in its design and output in as much as its subsequent impact. Moreover, research should be encouraged to seek partnerships with private and public sectors but equally include perspectives from the people directly affected by policy recommendations that may result from research. In that sense, research must cut across different scales and levels of governance.

In this paper we also outlined the increasing link between social and technological innovation in the digital age where the once distinct roles of innovator, producer and user become increasingly blurred. European research funding has to acknowledge this paradigm shift; consequently, research areas of science and humanities can no longer be treated in isolation. The social innovation concept has been put forward to pursue extremely ambitious objectives. However, there is at the time of writing only limited proof of whether social innovation can or already has delivered on some of its promises. In the absence of clear theory and a rigorous evidence base, it is difficult to judge to what extent social innovation might help to develop sustainable answers burning social questions of the twenty-first century.

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## **Notes**

1. The EU aims to raise the activity rate among 20–64 year olds to 75%, decrease the level of early school leavers from 15 to 10%, increase the level of tertiary education, reduce the risk of people falling into poverty and cut carbon emissions to 80% of 1990 levels (<http://ec.europa.eu/europe2020/targets/eu-targets>).
2. <http://www.weforum.org/content/global-agenda-council-social-innovation-2012–2013>

3. <http://www.bis.gov.uk/cicregulator>

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# REFORMING SERVICE DELIVERY IN CHINA: THE EMERGENCE OF A SOCIAL INNOVATION MODEL

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**Abstract:** In this paper, I find that the political economy of public goods provision by the local government in Shanghai influenced the decision to transition from the existing public service delivery model based on residency, to a social innovation model where the government contracts with non-profits and private firms to provide services at lower costs and experiment with different levels of provision (购买服务). Contracting also forms a bridge between old governance models and new ones, which potentially allow for a process of administrative modernization without social instability. Contracting for public-goods provision is increasing in prevalence not only in Shanghai but also in many other provinces, and is professionalizing participating organizations and providing public goods to vulnerable populations. While this practice is not yet increasing non-profit participation in the policy process, the creation of access channels that are currently operating solely in one direction may at some future date allow groups to participate in relevant policy areas. Contracting public goods might have the potential of significant effects beyond the term of the contract by increasing pluralism in local public policy and generating more demand for transparency and accountability of government services. As such, this is an interesting bellwether for future political change in China.

**Keywords** Civil Society; Contracting; Public Goods/Services; Migrant Education; Shanghai

The dual processes of economic modernization and urbanization initiated under economic reform in 1979 have changed China's demographic structure which challenges the efficacy of existing models of public goods and services delivery. The existing service delivery model based on residence and traditional family-provided welfare assumes a younger and more geographically stable workforce, thus an increasingly elderly and mobile population is unable to be adequately served with this model. In this paper, I examine how central and local governments are responding to the failure of existing delivery models by introducing a new model of social innovation through government contracting to private firms and non-profits to deliver public services. I argue that this new model of service delivery is part of a larger process of political reform in China, namely the "small state, big society" reforms which sought to withdraw the state from society and encourage societal actors to fill that void throughout the 1990s. These reforms have motivated a changing state-society relationship at the local level in China, where social actors gradually take over aspects of the local state's former responsibilities, including the provision of public goods and services.

Local governments in China increasingly use a new model called "Purchase of Service Contracting" (POSC or goupai fuwu 购买服务), whereby the government contracts the provision of public goods and services such as education, healthcare, or infrastructure out to private firms or civil society groups such as charities or other non-profits. While this practice is common for the governments of most industrialized economies, such as IT services and defense work in the United States, POSC is a new practice in China where the government normally provides public goods and services, and citizens consume these without participating in the provision or regulation process. Expanding citizen participation in both the provision and regulation of public goods and services has the potential to

change the relationship between state and society from a hierarchal relationship to more of a pluralistic one, where private groups possess a legitimate channel to participate in the provision of public goods and services, and other relevant policies, with the responsible government agency. In this paper, I first explain the political and economic motivations behind the emergence of POSC in China, and then analyze the use of contracting in Shanghai to address problems providing compulsory education to the influx of economic migrants to see if this practice is in fact changing public participation in the policy process.

Through archival research and interviews conducted during the summer of 2010 in Shanghai, I find that while contracting allows the Shanghai Municipal government to provide education opportunities to a group not served under the existing residency model—the children of migrants—without challenging national laws restricting urbanization, this practice currently allows little grassroots participation by these private migrant schools in education policy.<sup>1</sup> Instead, contracting is changing the non-profits themselves by increasing group capacity to deliver services and through a process of professionalization. However, these results are preliminary as this practice of contracting only began in 2008, so the creation of access channels that are currently operating solely in one direction may at some future date allow groups to increase participation in relevant policy areas. Contracting public goods and services might have the potential of significant effects beyond the term of the contract by increasing pluralism in local public policy, altering traditional state-society relationships, and generating more demand for transparency and accountability of government services [29]. As such, this is an interesting bellwether for future political change in China, as the language in the 12th Five-Year Plan focusing on “vigorously developing charitable enterprises” suggests.

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<sup>1</sup> I would like to thank Jiawei Yu and Yixin Zeng at Middlebury College for excellent research and interviewing assistance.

## **The Political Economy of Service Delivery in China**

The process of economic reform in China initiated a massive wave of human migration in search of employment beginning in the 1980s. Urbanization levels increased from 18% in 1978 to 47% percent by 2009, and China is predicted to have 15 ‘mega cities’ with more than 25 million residents by 2025 [7]. During this time, an additional 350 million rural residents are expected to leave the countryside and move to one of these cities which will bring the Chinese urban population from just under 600 million today to close to 1 billion, changing China into a country where more than two-thirds of its people are urban residents. Thirty years ago, when China started modernizing its economy, more than 80% lived in the countryside, and it still was about 60% rural in 2004. McKinsey Global Institute analysts estimate that by 2025, an additional 1.5 trillion yuan or almost 2.5% of urban GDP will be required to extend public services and benefits including health care and education to migrants across China [19].

The central government has attempted to control urbanization through a household registration system by requiring household registration papers (hukou 户口) for most local services, such as apartment rentals, health services, and access to education. An economic migrant may still purchase these services, but they are provided informally, inconsistently, and expensively. However, the household registration system has not prevented urbanization, as the number of migrants illustrates. Migrant workers in China, sometimes called the “floating population (liudong renkou 流动人口),” are approximately more than 200 million economic migrants from the countryside moving to the cities in

search of work. These families cannot be adequately served using the existing model of service delivery based on geographic registration location, and often lack access to basic health care and education.

In addition to the demographic changes triggered by urbanization, the one-child policy implemented in the 1980s has created a large elderly population supported by a smaller working-age population. After 2000, younger couples must care for four elderly parents because each family only has one child, and elder care is traditionally provided by the family not the state. Between 2000 and 2025, China's median age rises substantially from about 30 to around 39, and by 2025, 13.4% of China's population is projected to be over the age of 65. As Nicholas Eberstadt finds, population aging in China is as rapid as anything history has yet seen, far faster than recorded in more developed regions over past three decades and exceeded only by Japan [6]. This inverted age pyramid creates large problems for welfare provision and the existing national pension system. In fact, currently government or state-owned enterprise (SOE) retirement programs only cover one-sixth of work force. This means that local governments must plan to provide some sort of safety net for the elderly whose families cannot afford or will not provide necessary services. As life expectancy increases, these entitlement programs become increasingly expensive for local governments who currently run deficits meeting responsibilities for existing public goods and services. In fact, cities in China on average run a 4% deficit each year, with poorer areas running much larger deficits.

These changing demographics in China undermine the existing model of service delivery based on geographic household registration and family support, and motivate both central and local governments to reevaluate the welfare model. Although some local officials fear an influx of migrants if the model is changed, most officials recognize that these services must be provided if China wants to continue to develop into an advanced industrial economy and reduce rural poverty (see the Ministry of Education's 2003 Central Policy: Suggestions on Further Improving the Education of the Children of Migrant Workers in Urban Areas). In fact, the central government has instructed local officials to create plans for increasing urbanization rates in their provinces. Additionally, as I explain below, the neoliberal economic reforms in China have also introduced a more limited role for the state in both the economy and society leading to a reduced state role in service delivery.

One of the key motivations behind changing the existing public goods and services system to one encouraging government contracting is to modernize the administrative system in China without triggering social instability. Under the process of economic reform, the central government initiated neoliberal reforms attempting to transition the state from a producer role to a regulatory state. This new model of governance introduced the idea of intermediary social organizations assisting the government with social welfare and the concept of an arms-length regulatory relationship with the state supervising society and market rather than directly controlling social activity and production (youxian zhengfu 有限政府). In response throughout the 1980s and 1990s, the party leadership pursued both village elections and institutional reforms with the objective of improving governance (shanzheng 善政) by creating a limited, regulatory state which departed radically from the Chinese state under Mao's leadership. Under Mao, the state provided cradle-to-grave social welfare and directed both society and the economy in all affairs. One of the most significant reforms under Deng Xiaoping's leadership was the "small state-big society" reforms in the late 1980s (xiao zhengfu, da shehui 小政府大社会), which envisioned a substantial downsizing of the party-state apparatus accompanied by the rise of an autonomous sphere of associational life at the local level. As Dali Yang argues, most of the institutional reforms have emphasized a downsizing of the government's role in society, especially in the context of dismantling the former socialist system, which has had far-reaching consequences ([35], 57).

Contracting enables this administrative modernization toward a regulatory state without instability

through two main channels: first, contracting out non-core activities allows the state to concentrate only on duties appropriate to a regulatory state model; and second, the process of contracting safely transitions local government agencies and private entities to a new model of state-society relations. As the pace of economic modernization quickens, administrative modernization becomes increasingly necessary as the food and drug regulatory scandals in China and abroad demonstrate [28]. To govern an increasingly complex market and society, state officials must develop stronger regulatory institutions, which entail a reorganization of state resources. In addition to the waves of restructuring of ministries and local government, contracting allows state leaders to select which activities are most appropriate to a modern regulatory state and which may be accomplished by private entities. As state officials contract out more former state responsibilities, they transition to a regulatory state model where the emphasis is placed on supervision of society and market rather than production in both spheres [34]. While significant elite divergence exists on whether this is the most appropriate model for China, the majority of administrative restructuring and legislation since 1979 pursued this aim [17]. Contracting public goods/services provision to private entities strengthens this regulatory state restructuring by freeing up state resources for more supervisory activities, as well as still allowing significant government control and oversight over private production to guarantee stability.

This process of administrative modernization also creates the need for a new relationships between the state and both the market and society. As a local government official argues, all current models of advanced industrial economies possess a collaborative working relationship with civil society groups, so while Chinese officials understand that this is the end point, the question is how to transition to this model in a stable way that does not fundamentally challenge the supremacy of the CCP or continued economic growth.<sup>2</sup> According to Professor Yu Hai, the party has recognized that under a market economy society is changing and the government needs to learn new styles of leadership and social management, given the disintegration of the work-unit system (*danwei* 单位) and the emergence of civil society [1]. One way to ensure a smooth and stable transition is to partner with trusted groups to create a new model of state-society relations based on the neoliberal model provided by advanced industrial economies such as Germany and the United States. Increasing collaboration between local government and private entities to deliver public services also serves as a mechanism to bring the party closer to society in a way that defuses the potential threat to government authority presented by civil society. As collaboration over the provision of public goods and services deepens, both local state and society engage in a learning process that hopefully creates the state-society model found in advanced industrial economies without social instability [33]. This approach to administrative modernization is similar to the process of economic reform in China—a “crossing the river by feeling for the stones” approach which slowly transitions authority to private entities and reimagines the state’s role in both society and the market. As Li Jiang the secretary- general of Hunan province contends, the government needs to make better use of non-governmental organizations for things that “the government can’t manage, shouldn’t manage, or doesn’t manage well...Of course, in the development of social organizations there exists the need for a process of adjustment...this is a new task for our country. We don’t have experience” [22].

Scholars such as Andrew Mertha find that this gradual process of political reform encourages civil society groups, such as charities and NPOs, to play an increasingly active role in local policy formation, not just policy implementation as the fragmented authoritarianism approach contends, especially in the realm of public goods/services provision [20]. This pluralism is not the consultative Leninism that

<sup>2</sup> Author interview with local government official in Chengdu 7/10/2008.

Ken Jowitt describes where party membership is opened to previously excluded groups, but rather one where groups outside of the government participate in government decisions [14]. In fact, some government officials leave government employment to run non-profit groups and think tanks because they believe that they can better effect change from outside the government, using both their guanxi network inside the government and international funding to more actively participate in the policy process.<sup>3</sup> While many of the groups that provide these services have close relationships with state agencies, such as government-organized NGOs (GONGOs) and state institutional providers of social services (shiyew danwei 事业单位), increasingly grassroots groups are also participating [27]. The increased participation of these organizations, especially the grassroots groups, in local policy is gradually changing the policy process and who counts as a policy maker to a more pluralistic policy realm.

In this paper I contend that changing demographics in China undermine the existing model of service delivery based on geographic household registration and family support, and motivate both central and local governments to reevaluate the welfare model. Although many examples of service delivery models exist in industrialized economies, China faces the challenge of having a large and poor population which hinders the ability to pursue a comprehensive welfare model similar to the ones found in France or Sweden. Additionally, the neoliberal economic reforms in China have also introduced rough elite consensus around a more limited role for the state in both the economy and society, leading to a reduced state role in service delivery. The economic reality and political logic facing policy makers in China encouraged the emergence of a social innovation model to provide additional public goods and services more effectively and less expensively.

### **Developing New Models of Service Delivery: The Rise of Social Innovation in China**

Near the end of Deng Xiaoping's rule in the mid-1990s, the CCP pursued a smaller, service-oriented government model with significant economic decentralization to the provincial governments. Since 1982, the CCP undertook six administrative reforms focusing on downsizing through reorganization and encouraging government collaboration with the private sector to meet state goals, including the 1999 Bidding Law and 2002 Government Procurement Law [13]. The 2002 Government Procurement Law allows contracting to the private sector for the provision of support functions, social services, and public works projects. The government also uses other methods to provide government services through private entities, such as franchising, grants, and vouchers [26]. The government has utilized franchises for public services such as passenger transportation and garbage disposal, and vouchers for elderly home care. The use of contracting has rapidly expanded to several provinces and increased in volume and type of services since 2009.

In practice, officials view contracting in China as a way to "empower these public institutions [NPOs] to serve as assistants to the government" by transferring government functions to private entities [3].<sup>4</sup> Wenzhou, Shanghai and Shenzhen are serving as testing sites for the transfer of government functions to associations, such as participating in drafting policies and laws for industries, dissemination of information, drafting industry regulations and standards, assessing industry product quality, coordinating industry price disputes and price setting, providing training especially in new technologies, helping enterprises to improve business management, improving domestic and international cooperation in the areas of economic technology and academic exchange, assisting the

government in solving and handling the problems that industries encounter as they pursue reform and development, and pursuing public interest work [3]. For public works and utilities, contracting is used to restructure government's financing, regulatory and operating functions [2]. Although most contracts are awarded to groups with strong connections to government agencies like GONGOs and shiye danwei, Jonathan Schwartz and Shawn Shieh locate a number of areas where the state collaborates with non-profits to provide former government responsibilities, such as care for vulnerable groups like orphans and AIDS patients [27]. Increasingly NPOs are participating in bidding, competing with for-profit firms, GONGOs, and shiye danwei who still represent the majority of contract awardees [11].

While total public goods and services contracting is more prevalent in the United States, outsourcing of some services, such as building maintenance and street repair, is more common in China. In fact, Yijia Jing finds that from 2002 to 2004 in China, about a third of government funded services in monetary terms were delivered by external personnel [12]. In 2004, China's service procurement amounted to RMB 13.8 billion (U.S. \$1.67 billion), with the top three outsourced services of maintenance comprising 16%, system integration 13%, and IT and software development 7% of total procurement spending [21].

The most prevalent method of contracting relies on two main techniques—one, organizing non-profits and for-profit firms into umbrella organizations representing each area of contracting and two, using a competitive bidding or grant process to allocate funds. Approximately 59% of service procurement was completed through competitive bidding by 2008. However, it is difficult to measure true competition in these contracts. Often local governments simply assign selected services to non-profits affiliated with the government; however, these organizations might also subcontract parts of this service provision to other groups. For example, in 2005, the State Council Leading Group Office of Poverty Alleviation and Development allowed the China Foundation for Poverty Alleviation to initiate "Government-NGO Cooperation in Rural Poverty Alleviation in Jiangxi Province" [9]. For the first time, China purchased social services through open bidding, with the result that six domestic NPOs won contracts for a total of RMB 11 million (U.S. \$1.34 million). As Guosheng Deng finds, increasingly many NPOs receive a majority of their funding from governmental grants, subsidies, governmental program expenditures, and fees for services [5].

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<sup>3</sup> Author interviews with local NPO leader from Yunnan on 5/6/2007 and Chengdu on 7/4/2008.

Although this practice is increasing in prevalence and allowing local governments to slowly pursue administrative modernization without sacrificing social stability, contracting with non-profits and other private entities to provide public goods/ services presents a number of implications for governance in China. As found in industrialized economies that contract out a significant amount of government responsibility, the common challenges of this practice reside in the changes needed in both the administration and the non-profits to successfully deliver high quality public goods/services. Leon Irish, Lester Salamon, and Karla Simon studied ten industrialized countries who engage in outsourcing to non-profits and found that "the overwhelming international evidence suggests that government-nonprofit cooperation is on the rise around the world as governments increasingly recognize the need for additional help in coping with the complex social, economic, environmental, and related problems that they face" [17]. Additionally, fiscal considerations played a large role in these governments using contracting to non-profits for assistance in responding to increased public demands

for services. Irish, Salamon, and Simon also contend that in countries as diverse as Russia and the Netherlands, “Inspired by neo-liberal economic concepts emphasizing the importance of consumer choice and market-type competition among service providers, governments have increasingly turned to indirect tools of action such as grants, contracts, and vouchers that turn the delivery of publicly financed services over to non-governmental actors, including particularly private, nonprofit organizations” [17]. Through this comparison, the authors point to a common problem of monitoring the provision of public goods and services. They argue that managing a contracting regime is a highly specialized task requiring detailed systems for handling the design of “requests for proposals,” the bidding process, source selection, the formulation of actual contracts, contract management, contract auditing, and contract close-out, and that countries who pursued a “partnership model,” not “privatization,” were more successful in managing this process [18]. However, this requires a change in the skill set of government administrators and also a shift in the policy process away from a closed system to one that allows for non-profit participation in the design of government programs.

Similarly to these international experiences, China faces two main challenges with contracting. First, expanding private participation in both the provision and regulation of public goods/services might change the relationship between state and society from a hierarchal relationship to more of a pluralistic one, where private groups possess a legitimate channel with which to participate in public policy. This fundamentally changes the institutional structure of a single-party state, where participation is restricted to party members in a hierarchal fashion, which might have implications for future political reform. Second, contracting might present a difficult challenge for underdeveloped Chinese regulatory institutions. Achieving transparency and accountability at even the local level of government has been a constant governance challenge for the central government, but once services are contracted to outside entities, this is an even more complicated task. Although the Government Procurement Office supervises a process of open bidding, market immaturity, insufficient enforcement, and agencies’ purposeful avoidance seriously limit its use. For example, the Pudong District of Shanghai spent RMB 4.74 billion (U.S. \$0.57 billion) in service expenditures in 2001, but only 10% was based on competitive bidding [23]. Local governments often transact with divested SOEs, service units, or supervised NPOs with which they still have financial, personnel, or personal ties[37]. Achieving performance measurement, transparency, and accountability represent important obstacles to the continuation and expansion of this practice [12].

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<sup>4</sup> Chen Guangyao was the Deputy Bureau Director for the Nongovernmental Organizations Administrative Bureau at the Ministry of Civil Affairs, Beijing, China.

To better understand the practice and implications for contracting, I next examine the case of contracting with non-profits to provide education to migrant children in Shanghai. As one of the pilot sites, Shanghai illustrates the changing state-society dynamics generated through contracting.

### **Results of Contracting: Piloting Private Provision of Public Goods/Services in Shanghai**

In 2002, Shanghai Mayor Chen Liangyu stated that the government should retreat from the allocation of social resources and become more of a referee and supervisor rather than a provider. Transferring more government functions to social intermediaries would help transform “government with unlimited power” into “government with limited power” [35]. In line with this goal of political

modernization, the Shanghai Committee of the Chinese People's Political Consultative Conference (CPPCC) commissioned academic research on how non-profits can contribute to social development (Bentley). Since 2005, the Shanghai government has contracted with non-profits and other private entities to provide a number of public services. For example, in 2006, government departments contracted approximately 150 million RMB (US\$23 million) for public cultural projects, community crime prevention, problem-youth counseling, and management services for drug users.

The Pudong district government leads the other districts in Shanghai with public-service contracting, possibly in response to its larger migrant and elderly population.<sup>5</sup> In 2005, the Pudong District Government of Shanghai contracted RMB 41.97 million (US\$5.12 million) to local non-profits that operate job training, charity, and community services. This practice increased in 2006, when the Pudong District government purchased service contracting from social groups for approximately 600 million RMB (US\$91 million). In 2007, one department alone, the Pudong District Civil Affairs Bureau, purchased services from over 100 social groups for more than thirty public service projects, with expenditures of up to approximately 300 million RMB (US\$46 million). To coordinate contracting, the district government established an administrative community service system which has helped 115 social groups (out of 660 registered groups) organize 528 activities with more than 400,000 people participating. In addition, the government contracted with 49 training institutions, covering areas such as charity and migrant issues (China Civil Society Network).

The Jingan District in Shanghai adopted a similar umbrella model of "1 + 5 + X," where the "1" represents the district-level social group association, the "5" represents five chapters of the association in five different neighborhoods, and the "X" represents participating social groups. Party Secretary of Municipal Civil Affairs Bureau Ma Yili explains that, "Right now there are 9086 social groups in Shanghai, and there are two or 300 of them in each street in Jingan district. It is key to provide them with platforms, systems and guidance, so that the

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<sup>5</sup> Interview with former employee of NPO designing an elder care program in Shanghai, Beijing, 6/22/2010.

social groups can work in the service of society and be recognized by society" [32]. In this way, the Shanghai government attempts to mitigate concerns that a rapid growth of social groups would be uncontrollable and instead supervise the development of civil society groups. This new model of public goods/services provision allows the Shanghai government to increase the provision of these goods to populations currently not reached, and also serves as a mechanism to transfer the administration to more of a neoliberal model of governance.

One popular type of contracting is services for migrant laborers in Shanghai. As discussed earlier, the "floating population" in China is made up of approximately 200 million economic migrants from the countryside moving to the cities in search of work. To prevent mass urbanization, China currently prevents official movement by requiring household registration papers (hukou 户口) for most local services, such as apartment rentals, health services, and access to education. An economic migrant may still purchase these services, but they are provided informally, inconsistently, and expensively. The household registration system has not prevented urbanization, as the increasing number of migrants illustrates. In 1980, only 4% of rural laborers worked full time off the farm, but by 2000, more than 45% possessed urban jobs. In fact, more than 80% of households have at least one person working off the farm [25]. In addition to the sheer numbers of economic migrants, 80% of the rural workforce in the

floating population is between the ages of 15 and 35, and many have either a first or second child who migrates with the parents in search of work. In fact, the one-child policy cannot currently be enforced across provincial borders due to lack of integrated record keeping at hospitals, so many migrant families take advantage of this to have a second or third child. As John Kennedy finds, most of the gender imbalance found in China disappears by the third or fourth grade, as the “missing” girls return to their hometowns to attend school after living in coastal cities with parents migrating for urban jobs (working paper, [15]). According to the 2000 census, the national gender ratio was 117 boys for every 100 girls and 123 boys for every 100 girls in Shaanxi province which has a high rate of migration, compared with a global average of 103 to 107 boys for every 100 girls. Kennedy finds that about 55% of “missing” girls are simply unregistered [15]. These migrant children are difficult to reach with compulsory education using the existing model of service delivery.

Shanghai has a high percentage of migrants due to the pull factor of its strong economy, as do Beijing, Chongqing, Guangdong and Shenzhen. Based on a 1998 survey, the total floating population without household registration in Shanghai Municipality reached 1.2 million, although other studies estimate that this number was closer to 2 million [4]. By 2000, the number of migrants to Shanghai reached 3.87 million, which is about 24% of the total migrant population of China [24]. This increasing migration to urban areas creates challenges for the Chinese policy of universal compulsory education which is expected to be funded by local governments and provided based on household geographic location. Education is provided based on where the child is registered not where he or she currently resides, even if this is on the other side of the country as experienced by many migrants from Sichuan which is one of the largest sending provinces.

As Scott Rozelle points out, the children of rural-to-urban migrants have fallen into a gap in the provision of public education [25]. Most of the children of migrants are unable to go to public schools; therefore, they mostly attend private schools which are not monitored by the government and until recently were illegal. In recent years, however, policy makers have gradually begun to pass laws and design policies to protect the rights of migrants. Migrant children are now entitled to attend public urban schools in their local school districts where schooling is supposed to be free. Despite this change, access to schooling is still not guaranteed and most children of migrants have no choice but to attend private, unregulated migrant schools (liudong ertong 流动儿童). In surveys conducted in Beijing, Rozelle finds that only 30% of migrant children attend Beijing public schools while 70% attend private, migrant-only schools [25]. The number of these private schools in Beijing increased from about 100 in 1999 to about 300 in 2007, in response to the number of school-age migrant children increasing from 66,000 in 1999 to 400,000 in 2007. The central government is investing increasing amounts of fiscal resources into compulsory education, especially under the auspices of the New Socialist Countryside policy; however, the numbers of students in both urban and rural school have been decreasing due to the one-child policy and almost no investment is targeted to the segment of the education system that is growing the fastest – migrant children. According to the No. 1 Central Committee Document of 2009, issued every year by China’s top leaders in January to transmit new policy directions to lower government officials, “Efforts should be made to create a new and better life for migrants” [25]. The New Socialist Countryside policies also attempt to alleviate inequality between urban and rural areas, in which education plays an important role.

In response to the need to address this gap between responsibility and provision of compulsory education to migrants which the existing model is not able to address, the Shanghai government pioneered a social innovation model encouraging non-profits to establish private schools to serve this constituency which would be regulated and partially funded by the local government.

## Evolution of Migrant Schools in Shanghai

In this section, I examine my initial findings on this practice of migrant-education contracting in Shanghai based on interviews with headmasters and students from four schools and one NGO in Shanghai, supplemented with interviews with two schools in Beijing and an academic expert on contracting in Shanghai.<sup>6</sup> In particular, I analyzed changes in public goods/services provision, public policy participation, and non-profit development as indicated by international experiences with contracting. I find that contracting migrant education to non-profits in Pudong District, Shanghai, leads to increasing provision of education, although the quality and accountability of these goods and services is not as high as found in the public system.<sup>7</sup> Although the best way to measure performance would be a pre-post test for each school, the short span of time since these schools began receiving funding currently does not allow for this type of comparison.

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<sup>6</sup> Following the convention in Chinese social science research to protect interviewees, all interviewee names are anonymous but the school names are used.

Through new registration and funding rules, the schools are able to provide more education services to migrants. However, the quality of education received is lower than that of the public schools and the ability of the local government to adequately regulate these schools is questionable [11]. Additionally, I find at this point, the new channels between organizations and government are not leading to increased participation, but the potential exists for these channels, once created, to offer the possibility of more participation in education policy in Shanghai. Interestingly, this new model of service delivery is having the largest effect of non-profits themselves, by increasing the resources available and encouraging a process of professionalism. In this section, I examine the practice of using this social innovation model to contract migrant education provision, specifically the outcomes for provision of public goods/services, policy participation, and non-profit development.

In Shanghai, local officials seek to address this problem of a generation of future citizens closed out of basic education by contracting with non-profits to operate migrant schools. Between 2007 and 2008, the Pudong Social Development Bureau approved 12 schools that exclusively enroll migrant children (sometimes called *nongmingong zinu xuexiao* 农民工子女学校 or *wailai wugong zinu xuexiao* 外来务工子女学校). Within these 2 years, the 12 schools provided 11,365 elementary school degrees; and by 2009, the number of school degrees provided by private contractual schools has reached 25,822. On average, these schools enroll 580 to 700 students and employ 30 to 40 teachers. Although the criteria for registration are minimal safety and curriculum capabilities, there are schools that have not registered at this time. It is unclear if these schools do not meet the registration criteria or if local officials are concerned about an influx of migration if too many schools are opened at the same time; however, the interviewed school officials in Shanghai all stated they were encouraged to register.

Most of the interviewed founders of the migrant schools were themselves migrants running small businesses in Shanghai during the 1990s.<sup>8</sup> These migrant entrepreneurs were motivated by two factors: a charitable motivation to provide primary education for migrant children who did not have access to public education, and a profit motivation to operate in an area with high demand and low supply. Despite being registered with the government as non-profit organizations, many of these schools were not charity organizations but in fact generated moderate amounts of profit each year.<sup>9</sup> The schools are mostly located in the migrant-worker concentrated areas like Chuansha in Pudong New District and

Jiangwan in Puxi, and prior to 2008, were funded by a mixture of donations and student fees. On average each student pays an annual fee of 1,100 yuan (US\$165), equivalent to several weeks' wages for many migrants, to attend these elementary and middle schools. Due to the rules for Shanghai's high school entrance exam, migrant students are not allowed to take this exam in Shanghai, so students can either choose to return to their registered province to enter high school or leave school to find a job. Many of these children leave school to find work, so in response the local government recently allowed some students to enter training schools, but the most popular occupations are only open for local students.

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<sup>8</sup> Interview with Shanghai Pudong New District Private Zhenghua Elementary School, 6/25/2010.

<sup>9</sup> Interview with Shanghai Pudong New District Private Tangsi Elementary School, /29/2010.

One of these schools was started by Jianxin Xi, who founded the Haichuan Sunshine Schools in 2004, comprised of the Shanghai Sunshine Haichuan Private School, Shanghai Haichuan Technical Training School, and Pudong Haichuan Jianxin Private Kindergarten. Xi is a private entrepreneur who operates a number of manufacturing companies, including Xinfei Plastic Production Company, Pudong Jianxin Enterprise, and Shanghai Jiansheng Company, and who regularly donates to charitable causes such as education. Xi maintains a close relationship with the Shanghai municipal government through membership in the Committee of the Shanghai Pudong New District Consultative Conference (上海浦东新区政协委员) and the Education Expertise Committee of China Science Academy (中国科协教育专家委员会研究员), and serving as the director of Shanghai Minjin Entrepreneurs Friendship Association (上海民进企业家联谊会理事) which coordinates private investment in Shanghai. The Pudong District government contracted with Xi's organization to provide many services to the migrant community, including education, unemployed worker training, and troubled youth services. In 2006, the Shanghai Community Youth Affairs Office purchased services from Xi's organization to provide training for troubled youth for 2,200,000 RMB (US\$334,880). As Xi states, "It is the government that constructed a foundation for me to help the children of temporary workers." As the case of Xi's Haichuan Sunshine Schools illustrates, many founders of these migrant schools are motivated both by profit and due to the fact that they themselves are migrants, and want to assist this underserved group ignored by the existing government welfare system.

Prior to 2008, most of the migrant schools had a distant relationship with the local government. The schools paid a certain amount of annual registration fees to the town government to operate the school, and government officials had limited responsibility for these schools. Additionally, the groups registered as non-profits with the Migrant Population Office (Wai Kou Ban 外口办) as a supervisory unit; However, there was little contact between the two on a regular basis and no regulation existed to govern the operation of these schools. In 2008, the provincial government issued a new policy that migrant schools could register and then receive government funding (based on the national policy: 中华人民共和国民办教育促进法). As the director of the Shanghai Civil Society Administration Department Fang Guoping argues, "The government has already realized that it cannot function as well as civil society in some aspects such as costs, system and results. Therefore 'Purchase of Service Contracting' offers a mutually beneficial relationship between the government and civil society. The result is a reduction of administrative costs, benefiting society as a whole."<sup>10</sup> After 2008, the registration of these non-profits as private schools meant that the town government no longer collected registration fees from schools, except for leasing the school buildings. For example, Zhenghua school

pays 60,000 yuan (US \$9,133) to the Social Development Bureau (She Fa Ju 社发局) for annual rent. By 2002, the Migrant Population Office merged into the Social Development Bureau, which now serves to register the schools. Approved schools receive 2000 yuan per student (US\$304) annually from the Pudong New District Finance Bureau. With this change in financing, migrant students may attend the school without paying tuition;

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<sup>10</sup> Shanghai government website: [www.shanghai.gov.cn](http://www.shanghai.gov.cn), accessed November 2010. however, many interviewed students noted that they still paid 300–500 yuan (US \$46–76) each semester for books and fees. To qualify for this government financial support, all schools now must undergo an annual evaluation by the Number Four Office of the Education Bureau, which consists of inspection by a four-person review team to conduct student interviews, attend classes, and check financial reports. Thus, in addition to registering with the Social Development Bureau as a non-profit migrant school, the schools are regulated by their technical supervisor, the Education Bureau, and receive a yearly review to assess faculty, facility, and curriculum quality.

Experimentation with a social innovation model in Shanghai created a new relationship that previously did not exist between the Education Bureau, Social Development Bureau, and the non-profit migrant schools, through the annual review process and provision of funding. The interviewed headmasters noted that the 2008 regulation resulted in changes; however, these changes were mostly internal and did not increase participation in the education policy process. The schools now must prepare for annual reviews to meet the criteria of the Education Bureau for budgeting, teacher and classroom quality, and curriculum, which has increased the professionalism of the school staff and administration.<sup>11</sup> However, budget scrutiny also means that the founders receive less profit from these schools, and that much of the profit must be reinvested in the schools, which might result in fewer schools opening.<sup>12</sup> These internal changes in the schools also impact the quality of education. Although the stable funding source enables the schools to hire more qualified teachers, these schools still have fewer resources than the parallel public school system.<sup>13</sup> Due to lower pay of an average monthly wage of RMB 900 versus the RMB 2000–3000 for a public school teacher in Shanghai, many teachers in the migrant schools do not have the correct certifications for teaching. In fact, a survey done in 2005 of six migrant children schools, revealed that 59% of the teachers had only a high-school diploma or the equivalent and that a third of the teachers did not have a teaching certificate [30]

In addition, contracting public goods, such as education, generates problems with transparency and accountability of the supply of goods and services that citizens expect the government to provide [11]. Issues of quality and access are attributed to the government, not necessarily to the private provider of the good. As the director of Pudong Social Development Bureau points out, in order to ensure the education rights of migrant children, the government must develop a systematic approach to contracting with private schools established by charities [11]. For example, questions of government oversight and school quality in Beijing have been raised by Scott Rozelle, who finds that the mean test scores of children attending migrant schools in Beijing are 70.31 versus scores of 78.23 for those children attending public schools [25]. Migrant schools typically have poorer quality teachers and facilities, which impacts the children's overall education attainment [30]. The provision of education is decentralized to the provincial level which makes guaranteeing quality and access difficult for the central government; and these regulatory and standardization

11 Interview with Shanghai Pudong New District Private Wan Liao Elementary School, 6/25/2010.

12 Interview with Shanghai Pudong New District Private Wan Yan Elementary School, 6/29/2010.

13 Interview with Shanghai Pudong New District Private Zhenghua Elementary School, 6/25/2010.

challenges only increase as education is then contracted out to private entities. The Shanghai government has struggled with this regulatory challenge, as supervision versus production requires a new skill set for government officials [36]. However, this model has allowed the government to provide public goods and services to a population difficult to reach with existing service delivery models based on registration, and experiment with ways to provide these goods at lower cost or at different levels. Many migrant schools use a different fee structure than public schools which makes the cost of these schools less expensive to the municipal government. For example, a migrant kindergarten in Beijing also supplies child care after school hours for parents who might need to work longer or non-standard hours.<sup>14</sup> Providing public goods and services using different fee structures or services might provide a way for local governments in China to meet the needs of a changing population—one that is more mobile and older.

In summary, I find that this new social innovation model has influenced changes in the organizations and provided more education services to migrants, but the quality of this education and the ability of government to adequately regulate these schools are unclear. At this point, the new channels created by contracting are not leading to increased policy participation, but the future potential exists for these schools to attempt to influence education policy in Shanghai.

### **Implications of Social Innovation Models**

In this paper, I find that the political economy of public goods/services provision by local governments influenced the decision to transition from the existing public service delivery model based on geographical residency and family support, to a social innovation model where the government contracts with non-profits and private firms to provide services at lower costs and experiment with different levels of provision. Contracting also forms a bridge between old governance models and new ones, which allow for a process of administrative modernization without social instability. Contracting is increasing in prevalence not only in Shanghai but also in many other provinces, and is professionalizing these organizations and providing public goods to vulnerable populations. However, contracting with non-profits and other private entities presents two main implications for governance in China.

First, expanding citizen participation in both the provision and regulation of public goods and services changes the relationship between state and society from a hierarchical one as found in a corporatist framework to more of a regulatory or supervisory one. This difference might seem slight, perhaps even semantic, but the relationship is fundamentally different due to the space and independence between the groups and government. This space and independence may be exploited by groups to a degree and kind not expected by the government, as was highlighted under the fragmented authoritarianism approach describing how decentralization of governing responsibility to local government created the space necessary for independent and often unexpected action [20]. Thus, contracting creates a new channel for potential group participation in the policy process. In fact, as Irish, Salamon, and Simon find, in many Western European countries a “welfare partnership” exists between the state and private nonprofit organizations, which suggests that government support is strongly associated with the growth and strengthening of the non-profit sector [10].

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<sup>14</sup> Interview with founder and staff of a Beijing migrant kindergarten, 6/22/2010.

Second, while this process might potentially empower the non-profit sector in China, it furthers obscures accountability and transparency of government services, creating an imperative for the modernization of the Chinese regulatory system. Contracting presents a difficult challenge for underdeveloped Chinese regulatory institutions in that achieving transparency and accountability at even the local level of government has been a constant governance challenge for the central government, but once services are contracted to outside entities, this difficulty is amplified. In the instance of declining quality of public goods/services, mismanagement of funds, and inequality in provision, the local government ultimately bears responsibility, not the provider. This attribution of responsibility by citizens and the central government increases pressure on local government to develop stronger regulatory institutions, as seen with recent food and drug scandals in China.

Local government contracting of public goods, such as education, has resulted in structural changes in the non-profits and in more education services provided to migrants, but the quality of this education and the ability of government to adequately regulate these schools is unclear. Additionally, the political sensitivity of the population served might decrease the ability of these non-profits to play a policy role. As the principal of Xiangyang Hope School in Beijing explained, the authorities demolished his former school to build a private development project, and the public schools do not have enough room for the displaced students. This story is echoed by many migrant-school founders, and forms a confusing array of examples of strong government support, continuing neglect, or outright opposition to the formation of these schools.<sup>15</sup> The sensitive nature of the population served—rural migrants—generates concern on the part of government officials about the effect of these schools, especially about triggering an influx of migration if social services are opened to non-residents. In fact, recently in Beijing many of the migrant schools that did not register were closed by district governments citing safety concerns, but school officials contend that local officials worried about attracting more migrant families [16].

Hong Zhang and Marsha Smith find that at the local level, state agencies recognize the need to address the needs of migrant workers, and have shown a willingness to work with NGOs to provide needed services, but have also clamped down on the activities of NGOs when they move from providing specific services to advocating for more expansive legal rights for migrant workers (in [27]). In the wake of the 2008 economic crisis, unemployment among rural migrants who formerly worked in the export-producing sector dramatically increased. The CCP and local governments are concerned about social unrest among unemployed rural migrants, and closely monitor any organizations that deal with this population [8]. Thus, at this point, the new channels created by contracting are not leading to increased policy participation, but the potential exists for registered schools to attempt to influence education policy through these channels as they build professional capacity over time. As the 12th five-year plan and new social management policies currently under review with the State Council indicate, both the central and local governments are responding to the failure of existing welfare delivery models by implementing a new model of social innovation through government contracting to private firms and non-profits, initiating the expansion of NPOs providing public services like education.

<sup>15</sup> Interviews with two founders of migrant schools in Beijing, 6/22/2010 and 7/11/2010.

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# **SOCIAL INNOVATION, LOCAL GOVERNANCE AND SOCIAL QUALITY: THE CASE OF INTER- SECTORAL COLLABORATION IN HANGZHOU CITY**

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**Abstract:** In contemporary European policy discussion, “innovation” is a term popularly used for finding responses to the pressure of global competition. In various forms of innovation, the accent is mainly given to technical and business innovation but less to social innovation. This article studies the issue of social innovation with reference to the local practice in Hangzhou city, which aims to strengthen the life quality of citizens in this city. These practices develop various forms of inter-sectoral collaboration, resulting in numerous “common denominator subject” (CDS) groups that are promoted by the local government. These practices follow the principles of cooperation and partnership, and thus develop a corporatist mechanism for urban development. Through discussion of these practices this article explores the nature and the features of these CDS groups, and evaluates its meaning for social innovation, local administration, life quality and social quality.

**Keywords:** life quality; local governance; social innovation; social quality

## **Introduction: Social Innovation and Social Quality**

In the twenty-first century, a notion of “innovation” has been widely discussed in developmental studies (MacKinnon et al. 2002). In its usual application, innovation refers to a wide scope of things including market innovations, management innovations and political innovations. Thus, the concept of “innovation” has a complicated meaning, varying from the knowledge-based (or tech-based) innovation, managerial innovation, cultural innovation, market innovations, to political innovations, institutional innovations and social innovation (Holt 1971; Mulgan 2007). In the early days Holt (1971) emphasized the ideal of “innovation” in both technological- economic terms and social terms, saying that the technological innovation was concerned with application of new technology, whereas social innovation dealt with application of new social patterns of human interaction. Later, Brooks (1982) also defined the forms of innovation as three types: the purely technical innovation, socio- technical innovation and social innovation.

In Europe, “innovation” was promoted in the Lisbon Agenda as a strategy to cope with the challenge of the downward trend of the European economy in the early twenty-first century (Evan et al. 2007). As the latest development, the European Commission launched the “Europe 2020 Flagship Initiative Innovation Union” as one of its seven flagship initiatives of the Europe 2020 Strategy (EC 2010a, 2010b) to revive the European economy. In these economy-driven policy debates, emphasis is often given to the economic and technological aspects of the innovation strategy (Pisani-Ferry and Sapir 2008), but the issue of social innovation should not be ignored. As many researchers have argued, social development needs the stimulus of social innovation, not only by the technological- economic factors (e.g., Howaldt and Schwarz 2010), and indeed, social innovation has been seen as a new form of innovation that enables the use of new information and communication technologies (EC 2012b).

Nevertheless, the theoretical studies of social innovation at present are still in the primary stage. According to Oeij et al. (2011: 35), the concept of social innovation as a basic theme for future development in current research appears to cover everything, but indeed it covers nothing. Subsequently, the meaning of social innovation in usage remains heterogeneous: some definitions are too wide and some are too narrow (Murray, et al. 2010). As a consequence the policy proposals based on this notion do not reflect common directions. To develop the issue in depth, Moulaert et al. (2009) presented a three-dimensional analysis of social innovation: the content dimension (satisfaction of human needs); the process dimension (changes in social relations especially with regard to governance); and empowerment dimension (an increase in the socio-political capability and access to resources). Accordingly, studies of social innovation should refer to a value orientation (for example, in which direction social innovation should be made), the institutional change (the change of institutional relations between agents and organizations), and the agent's perspective (the activation of various social agents).

With these features, social innovation analysis can link with the social quality approach (SQA) in numerous ways. For example, the distinction made by Moulaert et al. above has affinity with the SQA's distinction between normative factors (oriented on values and norms), the conditional factors (oriented on institutional aspects of daily circumstances) and the constitutional factors (oriented on the cognitive and emotional aspects of human people as social actors) (van der Maesen and Walker 2012). This relationship can be also connected to other social innovation theorists such as Gerometta, who underlined the normative dimension of social innovation in analyses of the European cities (Gerometta et al. 2005), or by MacCallum who developed new social integration strategies to stimulate cooperation and address constructively cultural diversity (MacCallum et al. 2009). In these cases, social innovation is appreciated as a strategy to foster its normative factors of solidarity, social justice, human dignity and equal value, which is underscored by the SQA in its normative dimension.

In social innovation studies, researchers also address the need to strengthen human relations in forms of association, collaboration, and cooperation between agents, in order to change the institutional based infrastructure in the circumstances of everyday life. This stress again touches the core value of organizational solidarity that ensures the legitimacy, as these agents need legitimacy to support their actions (Harrisson and Chaari 2012). This point has some connection with social quality issues that value social cohesion, social inclusion, and social empowerment as three of the basic conditional factors of the SQA. This provides the reference to evaluate the outcomes of these institutional changes. Thus, social innovation can reinforce the organizational strength of the agents but can also take the issue further beyond the organizational skills, relational skills and technical skills of these agents (Harrisson & Chaari 2012). Some researchers consider social innovation "as a process of collective creation in which the members of a certain collective unit learn, invent and lay out new rules for the social game of collaboration and of conflict" (Crozier and Friedberg 1992: 19). This aspect of social innovation concerns the collective nature of social actions, social recognition, social responsiveness and personal capacity—the constitutional factors in the SQA analysis.

Thus, if we connected the three dimensions of social innovation (value, institution and agents as suggested by Moulaert et al. [2009]) with the three dimensions of the SQA, we may see that the SQA is supportive to the studies of social innovation. We can assume that by theorizing social innovation from the SQA's perspective, we can obtain a new approach and deliver an interrelated and comprehensive understanding about the three dimensions of social innovation (as separately discussed by innovation theorists). In this theoretical perspective, social innovation concerns the developmental change of the productive and reproductive relationships of "social actors" on the constitutional, conditional and normative level of daily life. Therefore it can be regarded as a synonym for "societal innovation". To

address the productive and reproductive relationships of daily life in the local context (cities, metropolises, megacities, etc) should be important for the studies of the economic, political, cultural and environmental issues of local living conditions, which can enhance the life quality of local citizens and the social quality of their societal wholes.

Accordingly, the study of social innovation can be developed with two focuses: a local focus and an agent focus (including agents' collaboration and their institutional relations). Societal problems and challenges can be expressed and demonstrated at the local level (MacCallum et al. 2009; Van der Maesen 2012), and thus the study of social innovation should be concerned with the complexity of these circumstances at the local level. This understanding of social innovation goes beyond the traditional restriction to politics and policies, but addresses the whole complex of productive and reproductive relationships (which may be appreciated as the heart of the matter of the SQA). As Gerometta et al. (2005) commented, social innovation in governance should especially take civil society into account. Moreover, since realizing social innovation demands public support, the role of politics and policies by local governments should be fully explored. Thus, social innovation will, or should, encompass the world of local government and its administrators, the world of organizations, institutions, companies, as well as the world of citizens with their holistic view on daily circumstances. In this regard, we can refer to the "place-shaping" agenda of a municipal system advanced by Lyons (2007), which proposes to pave the way for complex institutional arrangements for renewing the welfare systems (Harrison and Chaari 2012).

With an agentic focus, meanwhile, the society is both the condition and outcome of human agency and that human agency is both the production and reproduction of society. Once we emphasize the role of local government for social innovation, we should also value the contribution from other social agents to this innovation process, which makes the collaboration between agents a significant issue. In that case, collaboration becomes a key to formulate this institutional complex, so the inter-sectoral collaboration can be an important organizational form in this regard. These collaborations have advantages to pool together resources, skills and knowledge (Hardy et al. 2003). The local government and its agents can manipulate instruments to facilitate the conditions for the real dynamic of social innovation in local society, but it should also encompass the interests of the private sector and individuals as the resources of social innovation. The governmental agents need to collaborate with the other social agents to promote social cohesion and social empowerment, and thus the inter-sectoral collaboration becomes an important part of the study of social innovation and social quality.

To discuss the features of this inter-sectoral collaboration as points of departure for this study of social innovation, this article will present the local practices as encouraged by the Hangzhou municipal government. This kind of inter-sectoral collaboration includes the agents of the governmental organizations, public bodies, social agents, commercial or private operators (Gerometta et al. 2005); in Hangzhou they are called "common dominator subject" (CDS) groups. This study will explore the functions of CDS groups for local development and increasing social quality, which helps the local government to make efforts towards constituting "a city of life quality". Based on these practices, the idea of inter-sectoral collaboration between governmental and non-governmental agents is presented and discussed.

### **Background Information on the CDS Group in Hangzhou**

Before getting into a discussion about Hangzhou practices, we should first of all provide some contextual information about Hangzhou city. This city has a long tradition as a city of beauty with its

famous West Lake that is part of the world cultural heritage. Historically, it was one of the political and cultural centers of East China (200 miles away from Shanghai), and it is the capital of Zhejiang province, a province with a well-developed economy in China. The influence of the local cultural ecology and social surroundings cultivates a morale of secularization and embodies this city with a culture of enjoying and creating life as the popular goal of its people. Thus, it creates a favorable atmosphere to value the notion of a joyful life style, and to pursue, in Chinese terms, “life quality”.

Thus, to establish the strategy of urban development, Hangzhou municipal government has pursued a campaign of “Constructing a City of Life Quality” since 2004. In 2005, the government held a Forum of Social Harmony and Entrepreneurship, in which the idea of the “Hangzhou Consensus” was constructed around the notions of life quality and social harmony. In 2007, the government proposed to articulate and apply strategies for realizing this aim. In the following year, a system of Hangzhou indicators was presented during the second forum about “the City of Life Quality” in order to evaluate the life quality. The government further published a Report of Evaluation on Life Quality of Hangzhou in 2010 to promote the life quality-orientation idea of development (and recently with a slogan to develop a city of life quality in East Asia), which formulates the guidance of the government in their policy making actions).

With this background, the local government organized many activities, events and cultural programs for bettering the life quality of Hangzhou citizens. These events include the West Lake Expo, Shanghai World Expo, Human Habitat Exhibition and the Industrial Arts Exhibition, the Auto Exhibition, and the Paradise Silicon Valley Pioneering Forum, all introduced in the past five years. During the progress of these events, efforts made by the Hangzhou municipal government formulated numerous collaborations (or cooperation units). With these practices, the notion of the CDS was presented. This notion was translated from Chinese in the municipal governmental documents, and it refers to the inter-sectoral collaborative bodies. In these CDS bodies, the governmental and non-governmental agents work together for the common goal of city development. This cultivates a new dynamic structure of social actions for promoting the quality of people’s life in their daily circumstances.

To describe this dynamic mechanism of development, some analysts point to its features in terms of a three-type and four-sector model. The three typical types of inter-sectoral collaboration are the alliance between public and commercial agents, the comprehensive projects involving various kinds of agents, and the collaboration between research institutes/universities and the governmental agents. The four-sectoral model can be presented in a graph (Figure 1) showing four overlapping sectors

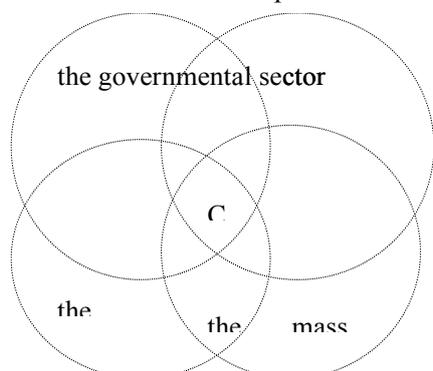


Figure 1: The common denominator subjects (CDS) of inter-sectoral collaboration

(government sector, the intellectual sector, the industry sector and the mass media sector). The relations between these agents are equal, not a hierarchical one as in the traditional way of social organizations in the Chinese context. These actors are relatively autonomous in the decision-making process. They act as

a new configuration of social agents, or constellations of actors for satisfying the needs of local administration and of local citizens. In order to look into the nature of these collaborations, we provide some examples below for further research.

### ***The Hangzhou Canal Group***

For the project of renovating and preserving the ancient canal, which is nearly 1,800 kilometers long (with its end in Beijing), a CDS group was created since this project goes through most parts of the city and has great importance in regard to ecology and cultural heritage. Thus, it has become part of a public project that is engaged in the public interest. To undertake this project, the Hangzhou Canal Group was set up under the leadership of the municipal government, with numerous agents from the sectors of industries and enterprises, the research institutes and mass media. In the process of project implementation, a series of project activities are undertaken, and public opinions are surveyed, which affect the whole process of the planning, construction, management and operation of the project.

### ***Courtyard Improvement Project***

In 2007, the Hangzhou City government launched a courtyard improvement project in which 745 courtyards and 3,365 buildings were improved or decorated. The project personnel made home visits before making the plan, and included the area into the program only when more than two thirds of householders there agreed to it. They also consulted with local people about what are their requirements for the improvement, and in which way to make the improvement. A working network for handling complaints was established to resolve the many complicated problems. For the project operation, various actions have been taken by the CDS group, which works together with mass media and constitutes a mechanism of collaboration. A telephone hot-line service has been created for consulting residents on garden greening and landscape lighting, and voluntary work and youth volunteers are organized by this CDS group. This creates new channels of mass participation *with citizens, companies and municipal agents all involved.*

### ***West Lake Expo***

To organize the activity of 2000's West Lake Expo, the CDS project group was organized with numerous public and non-public agents to collaborate. In this Expo, various events were organized together with some shows, such as the International Auto Show, the International Cycling Electric Motor Show, the West Lake Art Fair and International Silk Fair. In order to organize these activities, the governmental agents invited the people from the private sectors as well as the research institutes to be involved, making the business interests and the public interests coordinated. In the end, these activities intensified the relations between the industrial, commercial and public sectors and it both enhanced the city's competitiveness and integrated the idea of life quality into the activities.

### ***Xiling Seal Engravers Society***

As a well-known society of artists on metal and stone seal engraving established in 1904, this society was successfully registered with the Ministry of Civil Affairs as a nationwide association in 2004. Since then, it formed an administration committee and has developed into a corporation (e.g., Xiling Seal Engravers Society Group Co. Ltd). In this CDS body there are various identities: a formally registered civil association, an artists' society, a public body under the government administration, and a business corporation. This CDS body is backed up by the government and performs some administrative duties aimed at preserving the values of its-owned cultural products as the public-owned properties, and also,

gets support from the artists as a society. It has also developed business in the field successfully. Thus, between 2003 and 2010, it has achieved an average annual growth of 53.9 per cent for gross sales revenue, 151.5 per cent for net-profit and 48.85 per cent for state- owned net assets.

### **The Strategic Alliance for Tea Products Collaboration**

In order to promote Hangzhou as an international tea capital and to develop the associated fields of production, in 2004, the Hangzhou municipal government agreed jointly with several partners to establish a commission for strategic cooperation and promotion of tea production and consumption. The partners include the China International Tea Culture Institute, China Tea Society, Tea Research Institute of the Chinese Academy of Agricultural Sciences, Hangzhou Tea Research Institute of the All China Federation of Supply and Marketing Cooperatives, National Tea Quality Supervision and Inspection Center, Tea Quality Supervision, Inspection and Testing Center of the Ministry of Agriculture, China Tea Museum and the Department of Tea Science of Zhejiang University. In October 2005, Hangzhou City established a coordinating committee to work for this network, a general office, and four work groups for the tea industry, tea culture, tea tourism and tea events respectively. This alliance carries out extensive contacts with other agents at the national, provincial and municipal levels including tea-related organizations, relevant tea authorities, community associations, tea production and operation enterprises and tea growers in the districts and counties (county-level cities). In practice, there are various activities to promote mutual progress and form a large coalition organization with an open system.

### ***Silk and Female Costume Industry Alliance***

For a long period of its history, Hangzhou has been nationally known as the “Home of Silk”. In recent years, Hangzhou City has established a council for the task of “carrying forward the Home of Silk and creating a capital of female costume”. The participants in this alliance include the China Silk Association, China Academy of Arts, China Silk Information Center, Zhejiang University of Technology, Silk Journal Office, the Municipal Silk Association, the Municipal Garment Association, Hangzhou-style Female Costume Chamber of Commerce, the Municipal Fashion Designers Association, and some famous enterprises in silk production and female costume design and manufacture. These participants have regular meetings for information exchange, coordination and cooperation of the various parties, converting external coordination into internal coordination, transforming result coordination into process coordination; the exchange of information and formation of emotional ties have promoted mutual understanding, enhanced the mutual trust and created a good pioneering atmosphere. Through the operation of this alliance, the silk industry of Hangzhou has had it restored. In addition, Hangzhou has at present more than 2,000 female costume enterprises and currently owns 350 independent brands.

### ***The Teams of Legal Protection***

In 2010, the city government established an Internet law platform to provide services to the local citizens together with the Hangzhou association of lawyers. The service team behind this platform consisted of more than thirty well-known lawyers plus volunteers. Their services include the online consolation and legal advice on conflict reconciliation and alleviating suspicions. Members of this group include the Hangzhou life quality network, the “12348” (telephone number) Consolation Office on Legal Affairs, the Lawyers Association, and also volunteers from amongst university students in law schools.

From these examples, we can see the nature of the CDS groups in terms of coordinating, supervising, developing and operating for the public interests. The agents involved may have different

purposes but are working together for common actions. They are flexible in terms of their organizational structure, and access to new members is open. In the CDS group, the division of labor is changeable according to the practical needs, but all these agents can make their contribution to the project. As the inter-sectoral collaborative bodies, these groups are the “the congregation of agents” with shared interests and orientations for action. These interactions between the public and non-public agents provide rich choices to facilitate organizational innovation. These practices can reinforce a kind of “associative democracy” (Hirst 1993), which is an unfamiliar principle for Chinese society, and find the basis for long-term strategic cooperation between various agents. In the next section we will further discuss the features of this CDS group.

### ***Theoretical Reflection on the Immediate Features of CDS Groups***

To reflect the immediate features of the CDS groups we should first of all refer to the accent on partnership. Partnership is both the principle and practice that is at the heart of inter-organizational collaboration (Agranoff and McGuire 2003; Reay and Hinings 2005). In the CDS groups the agents involved retain their autonomy and also have a large degree of pluralism (with multiple sources of authority); sustainability of the organization is thus dependent upon their continuous commitment to the principle of partnership. According to Gerometta et al. (2005), if a partnership relationship disposes of a large space of plurality, it will facilitate social innovation. In the case of CDS groups, this partnership allows the members with diffuse resources of finance, human capacities and human resources to pursue the common objectives of action.

Corporatism is the second point underlining the CDS group’s operation. Differing from a single organization, the CDS group is a composite unit which embraces various agents with diverse interests. Thus, corporatism provides the foundation for organizing various agents and protecting the system’s operation by equal sharing of experience and knowledge which may lead to innovation (Laplante and Harrison 2008), as the corporatism can reduce the risk of situational change. To be sure, the principle of corporatism can be applied not only to the organizational level but also to individual level. Indeed, in Hangzhou practice, the CDS group successfully mobilized people to participate; which responds to the needs of local people more effectively than a purely governmental agency can do.

Still, to construct these inter-sectoral collaborative bodies, the starting-point is to set up the projects. Generally speaking, these CDS bodies are set up with particular aims and purposes (Holt 1971; Philips and Hardy 2002). This project-format organization provides the flexible formation for these CDS groups, and it also generates the motivation for various agents to join the groups. In the international discussion, the significance of the project-led collaboration has been addressed by some scholars, and this collaboration is viewed as a way to increase the capacities of organizations and to apply leverage to existing resources, skills and knowledge (Hardy et al. 2003). In the academic work, the project-led collaboration is very often used. In Hangzhou practices, the project-led CDS groups demonstrate their advantage in creating societal based milieus and leading to a virtuous circle of cooperation.

However, as a type of societal collaboration, we have to admit that there are potential conflicts of interest amongst various participants. In responding to this issue, the leadership of project operation is crucial for mediating between interests. In general, the CDS group shows a network of multi-level linkages, with multi-agents’ participation. This kind of agency could not operate successfully without a strong leadership. In Hangzhou practices, municipal agents often take the leadership, although in a practical sense, they may not take the leadership of a particular CDS group. They take the role of promoter, organizer, supporter and coordinator of the CDS activities for operating the public projects. Thus, in the Hangzhou form of CDS, there is a combination of the authoritarian notion and the

democracy notion. On one hand, these CDS groups are often initiated or encouraged by government agents and, on the other hand, this form of organization emphasizes the principle of associations, which can be a special organization formed to develop democracy.

Also, the CDS opens up a new way of developing a mechanism of “associative democracy” (Hirst 1993). This kind of formation was unlikely to have appeared in China two decades ago, before the operation of a market system, which makes the whole society more open and political control less rigid. In the market-oriented growth, constructing the public-private interplay in welfare administration is not only possible but to be demanded. Thus, the development of the CDS has the advantage of overturning the traditional bureaucratic system, and offering people more institutional channels to express their views and defend their interests. This can empower the people with the enriched technical creativity and strengthening the power of collectives at the societal level.

Finally, the factors that connect various agents in forms of collaborations are related to normative issues, the goals of the organizations, their shared identities, the common orientations, their agreed rules and principles to follow, and the common ideology underpinning the partnership. In Hangzhou practice, the CDS group serves the municipal purpose of building “a city with a high quality of daily life” and upgrading the qualities of local society in urban development effectively. This value orientation creates a free environment for the CDS group to act, and allows the active connection and mutual understanding among different parties to promote “social harmony”. The municipal government set up the goals of life quality and urban development as the normative ground of the CDS groups’ actions, which provides the legitimacy to these groups. Despite the diverse interests of the agents engaged, this normative basis provides a foundation for the growth of the CDS groups in pursuit of common aims that involve elements of knowledge, network, leisure, entrepreneurship, and civilized life.

### **Implications in the Context of Social Quality Studies**

The implications of the Hangzhou CDS groups can be evaluated in a much broader context. We can assert the meaning of this form of social innovation in the Chinese context with reference to social quality theory as discussed above. This theory takes people’s participation as a main way to promote the extent of social quality. The central policy aim of the social quality approach is to mobilize active citizens to play a responsible role in societal development (Van der Maesen and Walker 2012). The CDS is a kind of organizational venture with an open structure, flexible in its formation which encourages civil participation. These CDS groups are a particular form of inter-sectoral corporation, consisting of a constellation of citizens (groups), professionals, policy makers and researchers, which goes beyond the limits of sectors, structures or social stratification.

Thus, we can extend the meaning of CDS groups by referring to their role with regard to social empowerment and social inclusion, and in strengthening participation. By theorizing the role of the four conditional factors of SQA, we may elaborate our understanding of the functions of the CDS groups. The Hangzhou model of CDS groups aims to strengthen social cohesion, and also social empowerment and social inclusion. These functions can be underlined with the help of the Hangzhou municipal documents, which present three policy ideas for future development of CDS groups as follows: 1) sharing: the participants of these groups have equal status and make common contributions for the common goals and with equal benefits in return; 2) sociality: the participants of these groups should be the knowledge-based organizations or networks, and their actions should be made on voluntary participation; 3) the grassroots nature: these organizations should involve people from all corners of the city with common interests and public goals. Therefore, by developing these groups, a plurality of societal based milieus is created with

various kinds of associations enabling mass participation.

In this regard, we can take some examples from the Hangzhou CDS practice as reference points. In the operation of the CDS group all agents from the market sector, industrial sector, and cultural sector are integrated; examples including the Silk and Women's Wear Industry Alliance as mentioned above. Taking the West Lake Expo for analysis, all engaged parts have a clear division of labor and functions, which respond in various ways to the common projects: the project headquarters was in charge of the coordination and supervision of all departments, its Scenic Spot Administrative Committee is responsible for regional planning and operation, its Research Council conducts research and consultancy, the Museum organizes exhibitions and shows, and the construction units undertake building projects. They connect with each other and contribute to the whole picture. In another CDS group, the Hangzhou City Brand Network Group, people from various sectors established a platform and held combined seminars, publicized and promoted the city brand. Such a structure brings the distinctive values of agents together and provides an efficient way of exploring a variety of potentials and maximizing the effect of human resources. It maximizes and optimizes the eco-(or environmental) efficiency, as well as providing economic and social benefits.

In terms of public administration, the use of CDS groups can also lead to a change in the style of governance and change the authoritarian model of administration with the ideals of corporation and collaboration as a guideline. This implies the introduction of democratic principles in the system of public administration. The government can obtain more civic resources through the work of CDS groups, and these inter-sectoral collaborative bodies are helpful for local administrators who aim to encourage social innovation with contribution from civil agents. This concerns the strengthening of people's social recognition and social responsiveness and these normative factors are two constitutional factors in the SQA. As a result, these efforts formulate a new line of social administration for city administrators, namely, the soft style of administration, and the taking of this line implies the transition of public administration by means of an intensified relation between the local government and the non-governmental organizations (NGOs).

For instance, to realize the goal of building Hangzhou City as the capital of silk, a goal the municipal government wishes to achieve, the government mobilizes relevant enterprises to engage the government-oriented activities. These activities strengthen the industry's cohesive force, and also promote awareness of corresponding support policies introduced by the government. In this way, the municipal government bypassed an inefficient method of executive process but achieved efficient management. For instance, by developing the Silk and Female Costume Industry Alliance, the government facilitated the suit-dress industry's development in Hangzhou. The government also set up many characteristic streets (like silk street, clothes street, electronics street, and tea street) and specialized parks (like the software park and plant park) to intensify the relations between the governmental and business sectors, and mobilize the resources of businesses for local improvement. In the case of the West Lake Expo, the government constructed an efficient industrial operational platform— thanks to the cooperation between the government and this enterprise—exemplifying the potential for harmonious and innovative relationships between the government and nongovernmental enterprises.

Noteworthy is the fact that the operation of the CDS groups supports the notion of solidarity. In the Hangzhou practice, these groups pursue a goal of life quality and urban development which formulates a common consensus among various agents. The CDS group serves the municipal purpose of building “a city with high life quality” and for creating a free environment to promote social harmony. The effect of these actions should not be evaluated only in the sense of reinforcing solidarity but also in the notions of

human dignity, equal value and social justice in the daily life of Hangzhou (the four normative factors of the SQA as explained above). Because the Hangzhou practice has affinity with this approach, the concept of “life quality” and “social quality” may refer to the strategy of development in China, which has in the last decade shifted from GDP (Gross Domestic Production) growth-oriented to an orientation on the “harmonious society”.

By the above measures, the city government works hard to cultivate the city brand and to benefit enterprises. It also raises awareness about the features of Hangzhou local culture, and thus strengthens the consensus of local residents for common goodness. To cultivate a common image of cultural cities will serve the purpose of pursuing life quality and, hopefully, inspire individuals to realize a sense of belonging as local residents. Moreover, developing CDS groups creates shared local perceptions of identity by building the corporate culture, cultivating people’s perception of local culture, and instilling a sense of achievement, thus achieving a mutually beneficial relationship between self-realization and the overall societal development. Through these efforts, the city can improve the sense of social solidarity and enhance social justice as a whole. Accordingly, the CDS groups contribute to social empowerment and social inclusion and thereby raise the level of social quality. As a consequence, the city is becoming a top-ranked Chinese city by various indicators including China’s most pleasurable city, the best tourist city, and a city in the top positions in the competitiveness ranking index of China.

Despite various kinds of advantages, the development of CDS in Hangzhou practices remains a set of issues unsolved: what is the meaning of CDS for really understanding the nature and consequences of social innovation? How to empower people with the enriched technical creativity and strengthening the power of collectives on a societal level? How can the principle of corporation overcome the principle of hierarchy as prevailing in public administration in China and how to ensure the operation of the whole range of societal organizations is much flatter (that is, more equal) and freer?

Still, the balance of different (and sometimes competing) interests and democratic issues are also the concerns. In the current situation, those groups are often initiated or encouraged by governmental agents, and the current system is operated with a strong bureaucratic context of local administration. Thus, we have a need to reconcile hierarchy (the administration) and participation (the role of NGOs and private partners), and to find the channels that possibly cover up or resolve an interesting paradox. Thus, although the CDS groups are not a kind of governmental agency, they often appear to have the nature of a quasi-public organization. This may discourage the private agents from exercising their power and expressing their views in decision- making processes. Thus, the balance of interests between the public and private agents should be made in an institutional way, especially if we need to maintain this public-private partnership in the long-term.

### **The CDS in Comparative Context**

Based on local practices, this article discussed inter-sectoral collaboration in terms of CDS, providing us some food for thought concerning theoretical debates on public-private partnerships and the principle of corporatism. The article presents the discussion in relation to the SQA, with an emphasis on its function of enhancing social quality. However, we may evaluate the meaning of these practices also in the international context, which very much refers to debates on democracy and civil society as well as urban development. In order to gain an overview of the broader applications of this study to the organizational and policy analysis of social quality, civic associations, and life quality, we can compare the Hangzhou experiences with the experience of other cities internationally in order to recognize the unique features of the Hangzhou model.

For instance, we may compare the strategies of urban development in Hangzhou (China) and The Hague (The Netherlands) as a way of illustrating the diversity of strategies. As described in previous sections, the Hangzhou CDS model is composed of three types of relationships and four sectors. The Hague practices also follow a four-circles model but with dissimilar emphasis: (i) government, called *Politeia*, (ii) intellectuals, called *Academia*, (iii) industry and all other types of companies and organizations, called *Oikos*, and (iv) the “world” or circle of citizens, called *Agora*. These four circles of the model are separated with no “common denominator”. In such circumstances, there are two instruments to promote the communication between the stakeholders of urban development, namely, the communication centre and a coalition of knowledge institutes. They reinforce the collaboration and partnership between the agents of these four circles, and also, generate some new formats of governance.

According to some comparative studies between these two cities (see Van der Maesen 2012), several distinguished features of the strategies of urban development in Hangzhou and The Hague can be recognized. For instance, the CDS groups function as the organizational agents of civic mobilization in the Hangzhou model but in the Hague model the communication centers performed a similar function. Meanwhile, the media circle in the Hangzhou model is lacking in the Hague model but is replaced by the circle of citizens (*Agora*). These different emphases are significant in our evaluation of comparisons.

The difference also emerges in terms of the aims of development. The purpose of the Hangzhou CDS group is to enhance “life quality” (and “social quality”) and in this context, the notions of life quality and social quality are interrelated. In The Hague, however, the ideas of life quality and social quality are not the aims “as such” (*sui generis*) of the strategy of urban development, but rather the strategy takes strengthening the sustainability of urban development as its aim. In terms of public administration, the local government plays a crucial role in the Hangzhou model (as illustrated in Figure 1), but there is no circle of citizens in its model. The model of The Hague instead gives great significance of citizen action and participation through stressing the (important) ideas of responsiveness, enhancing collaboration and partnerships of social agents (Vigoda 2002).

With these differences, we can compare the practices of urban governance in the Hague and the Hangzhou models, which result in dissimilar practices in addressing urban problems. These differences have certain impacts on the forms of “social (or societal) innovation” with reference to organizations, the ideas of community building and development practices, and the interactions between the world of intellectuals, the coalition of knowledge institutes (referring to the work of the communication centers), and the role of citizen circles (Van der Maesen and Walker 2012). The emphasis on the citizens in the Hague model is the practical reflection of what Vigoda (2002) described as the four-circle model, including three sectors of agents in “a triple structure of transactions” (a legitimacy- services transaction involving *Politeia* and the *Agora*, a socialization-information and human resources transaction involving *Agora* and *Oikos*; and an authorization-criticism, knowledge, and economic goods transaction: involving *Politeia* and the *Oikos*, supported by the *Academia*, together with a circle of citizens). Notwithstanding this, in both cases, we recognize the demand for new forms of governance, the desire for sustainable development, and the idea of inter-sectoral collaboration that involves the agents of different worlds or “circles”.

Thus, despite being a case study, this study about the Hangzhou practice gives some inspiration to our comparisons of strategies of urban development through the issue of inter-sectoral coordination. In Hangzhou, the city government encourages the establishment of many CDS groups as organizational ventures to pursue the goal of enhancing life quality and social quality, and through constructing partnership these CDS groups can pursue their life-centered purpose. These experiences can result in innovation in organizational and institutional formats in both comparative and international contexts.

These experiences are driven primarily by the need to improve poor performing public services in response to changing social needs, but in the international comparisons, they may fuel the argument about choice of strategy for urban development.

## **Conclusion**

In this article, an endeavor is made to connect the concept of “social innovation” with the SQA. As concluded by theorists, without an elaboration of this concept, it remains a black box, causing a misunderstanding of societal dynamics and also what could be effective policy responses. To discriminate social innovation from technical or business innovation, we need a real understanding of “the social”. This concept is further interpreted in a recent work using the SQA in relation to societal outcomes in the light of the productive and reproductive interrelationships of human beings. Since studies of social (or societal) innovation refer to these interrelationships, they thus touch the very nature of society as a whole in its economic, socio-political, cultural and environmental dimensions, and apply the understanding of “social innovation” to strategies aimed at strengthening the complex of human activities and the sustainability of the “real” world (van Renswoude and van der Maesen 2012).

With the help of the theoretical construct of the SQA, we can thus understand better the CDS strategy of development in the Hangzhou model. This model can be supportive of the sustainable development of Hangzhou and stimulate people engaged in this model to go beyond the themes of corporatism and partnership. Analyzed in this context, the CDS strategy will change the constitutional, the conditional and the normative factors of the SQA in society and thus improve the quality of the society as a whole. In practice, many CDS groups work to meet the demand for producing a comfortable lifestyle through various activities, and making the economic sector and business sector act with reference to the life-centered development strategy. Within this strategy, the pursuit of lifestyle becomes the primary goal for urban development. Thus, from a view of stakeholders, CDS groups can help to collect various resources of social power for social administration and to formulate strategic alliances for urban development.

In this discussion, the model of CDS groups should stimulate the growth of “associative democracy”. The notion of “associative democracy” contains three constructs: interdependence, power and social cohesion, as they exist mostly in the context of western democracies. The term “interdependence” describes the role of the various stakeholders, and the term “power” describes the position of the stakeholders, their interests and latitude in their decision-making within the CDS context. The term “social cohesion” refers to the common goals of enhancing “harmony” and “wellbeing” in the future. It will affect social relations and equality among various social groups. Thus, this form of democracy encourages the growth of public-private partnership, which is well known in the European context.

However, in the Chinese context, the idea of “associative democracy” is not popular. As in many East Asian States, the political culture of avoiding conflict and disputes is influential in China. This defines the institutional relationship between governmental and non-governmental agents. Thus, in a strongly authoritarian context, a subordinating culture and an apolitical culture amongst societal (or non-governmental) agents prevail. The attempt to promote the principles of fellowship and partnership between these two sectors is extremely important. Since the principles of fellowship and partnership is generally lacking in the operation of organizations and institutions in the Chinese context, the Hangzhou model promoting CDS groups with these principles as its core spirit, constitutes a kind of “social innovation spiral”. In this sense, we can expect organizational innovation to bring about the systemic

innovation once these phenomena become popular, and not just remain a stand-alone initiative, but rather contribute to an integral renewal that may affect the whole of society.

Despite the abovementioned effect, we should also ensure that the meaning of the CDS organizational innovation is not limited to the Chinese context but can also facilitate thinking about social integration and empowerment in international contexts. Experiences of CDS in Hangzhou can inspire discussion of collaboration and empowerment in international contexts. For instance, to develop CDS can be one way to strengthen the interaction of different agents and to mobilize people in various social groups to engage in the discourse about common goals. With a broad range of agents participating, CDS may have its effect on social inclusion, and the use and application of CDS can be an effective way to promote the social quality of local society.

With reference to the European context, the recent work of the European “Social Polis Platform” made under the request of the European Commission, concludes that research on social cohesion and cities is crucial for tackling complex societal problems and that these problems should be addressed from different perspectives. It was noted that the failure of existing integrative mechanisms in contemporary societies have led to systemic failure to hold society together through the labor market, the family and public institutions, and it is at the root of political and academic reflections on social cohesion (Moulaert et al. 2011). Thus, policies aiming at fostering social inclusion in cities are linked with socio-economic responses to crises in employment and social exclusion, urban regeneration and access to services and environmental goods in deprived areas. Thus, to develop CDS is a new way of empowering civil agents with the support from the public agents. This inter-sectoral collaboration can empower the agents and individuals involved in action for the public good, by encouraging the principles of involvement and partnership.

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# **SOCIAL INNOVATION RELATED TO INNOVATION IN MANAGEMENT STUDIES**

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TNO

## **INTRODUCTION**

This chapter sheds a light on what society and social innovation can learn from current innovation in the realm of management, business and organisation. We look at the long term trend to open innovation in relation to theory and practice of present innovation models and management and organisational development practices. The contribution closes by addressing the issue how policy can take up the new challenges emerging in the field, learning from this thinking and practice. The central question in this chapter is what social innovation can learn from innovation in management, business and organisation?

SI-DRIVE<sup>37</sup> defines social innovation as ‘a new combination or figuration of practices in areas of social action, prompted by certain actors or constellations of actors with the goal of better coping with needs and problems than is possible by use of existing practices. An innovation is therefore social to the extent that it varies social action, and is socially accepted and diffused in society (be it throughout society, larger parts, or only in certain societal sub-areas affected). Depending on circumstances of social change, interests, policies and power, social ideas as well as successfully implemented social innovation may be transformed and ultimately institutionalised as regular social practice or made routine. Following the end of such a life cycle, when the innovation becomes standard, new demands for change may occur and possibly call for further social innovations’.

Social innovations are accepted and diffused practices of social action targeted at social needs and problems, eventually to become internalised, socialised and institutionalised, probably leading to new social needs and problems and innovative practices. Social innovation can be separated from technological innovation in the sense that social innovation is concerned about ‘social practices with social ends and social means’ (Franz, Hochgerner, & Howaldt, 2012).

Although it is not entirely clear how technological innovation emerges out of the tension between technical inventions (technological push) and what consumers and producers demand (market pull), social innovation seems partly to be driven by a paradigm shift, caused by the obsolescence of technological and economic innovations to solve huge societal challenges related to the natural environment, demography, the globalising economy, and geographical human conflicts. There is an increasing importance of social innovation as compared to technological innovation, because better deploying social resources to solve societal challenges are a condition sine qua non (Howaldt & Schwarz, 2010; Howaldt & Kopp, 2012).

Social innovation also differs from innovation in management<sup>38</sup>. Social innovation is understood to be distinct from innovation in management. Namely in the sense that social innovation stresses the solution of social and societal issues while innovation related to management is, simply put, limited to the domain of organisation, work and business. The Community Innovation Survey (CIS<sup>39</sup>) approach of innovation for instance, stresses new products, services, marketing methods and organisational processes. Where social innovation addresses fulfilling social needs and meeting public demands and public value

(and social value) in a social way, innovation related to management is stronger linked with profitability, market demands and commercialisation (Phills, Deiglmeier, & Miller, 2008; Pol & Ville, 2009). Despite differences between market and non-market environments, society can learn from management and business, when it comes to innovation, from its thinking and its practices.

But innovation in management is not exclusively limited to organisation, work and business, as it can also be understood as a social innovation in itself. For example Brooks (1982) classifies social inventions and innovations as market, managerial, political, or institutional. He states that when distinguishing between 'pure social inventions and innovations, sociotechnical system innovations, and pure technical innovations (...) there are no entirely pure types' (Brooks cited in Vedin, 2007). In other words, there are no strict boundaries between these different forms of innovation. Besides, there are many examples of entrepreneurs like Henry Ford and Frits Philips who regard themselves as improvers of the social conditions of workers. So, social innovation was their second trademark in a very clear way (Brooks, 1982).

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37 SI-DRIVE Project Proposal —Annex 1 Part B1 (2013).

38 When we discuss —innovation in management in this chapter, we mostly mean to include, for the sake of readability, innovation in management, organisation and business.

39 (<http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/cis>); (OECD, EUROSTAT, 2005, so-called —Oslo Manuall).

Having stressed the differences between the types of innovation, there are also connections. It can be stated that social innovation exceeds fulfilling social needs, as, in aiming at social change, it also affects new business models (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Both society and management are confronted with and creating significant changes to technology, demography, climate and the natural environment, the information revolution and globalisation of economies. Learning from what is happening in organisations and companies is therefore crucial.

The world of innovation in management, business and organisation has gradually been moving towards open innovation. Consequently it has become 1) ever more dependent on knowledge which is an intangible capacity of persons, and not a tangible commodity, 2) in a market environment that requires flexibility and made-to-measure products and services no longer allowing standardisation and mass production to be the dominant mode of production. As is the case with social innovation, where economic and technological innovation from companies no longer can solely resolve societal issues (Howaldt & Schwarz, 2010), so it is in organisations where technological and IT-innovations, and product and service innovation alone, cannot easily be valorised (commercialised) without the necessary enabling role of socio-organisational or workplace innovations. Workplace innovations, for instance, stress the role of people as managers, employees, suppliers, customers and citizens to make innovation —happen. Studies in workplace innovation point out to social dialogue, participative decision making, autonomy and decision latitude, job quality, bottom up and employee driven initiatives, and empowered employment relationships as important leverage factors for innovative organisations (Ramstad, 2009; Pot, Dhondt, & Oeij, 2012; Totterdill, Cressey, & Exton, 2012).

Social innovation changes as well. Public bodies, especially in Europe, are confronted with formidable budget cuts, but citizens demand high quality public goods just the same. Therefore, public bodies become more receptive for open innovation and co-creation with social entrepreneurs, private businesses and citizens. Social innovation offers new potentials for producing public goods without

(much) public administration and for making socially valued goods and services, without being dependent on —vulgar capitalism (investment capitalism) only. In this regard one could point to the initiatives from business with the intention to contribute to social goals. Sustainable production, green technologies and corporate social responsibility are examples of these. Relevant in relation to social innovation seems to be —creating shared value (CSV) as a new business concept first introduced by Porter and Kramer (2006, 2011). This business concept is applied by companies that have developed deep links between their business strategies and corporate social responsibility (CSR). The main idea behind creating shared value is that the competitiveness of a company and the health of the communities around it are mutually dependent. Critics, however, argue that ‘Porter and Kramer basically tell the old story of economic rationality as the one and only tool of smart management, with faith in innovation and growth, and they celebrate a capitalism that now needs to adjust a little bit’ (due to the economic crisis and the partly collapse of investment capitalism). They see little chance that an increasingly critical civil society will buy into such a story (Beschoner, 2013).

## **FROM CLOSED TO OPEN INNOVATION**

Today, when thinking about what is new in innovation within companies, open innovation in business is what springs to mind (Chesbrough 2003; Chesbrough, Vanhaverbeke, & West, 2006; Chesbrough forthcoming 2014). This concept of —proudly found elsewhere is so radically different from the traditional innovation model used by companies<sup>40</sup>. Over the past 200 years, the closed innovation model was the dominant model. With closed innovation, we mean that companies took care themselves of all of their innovations, product or process innovation. Companies tried to be secretive and protective of these investments (claiming intellectual property) and relied solely on their own staff for this core process. This shift from closed to open innovation has not been an easy one. To understand the transformation, we need to first clarify the traditional model of innovation, mainly known as the Fordist model of innovation. This Fordist model has been under threat for more than 40 years now, but the alternative of flexible specialisation only partially succeeded in overcoming the internal contradictions of Fordism. Open innovation can be seen as the last step until today in the development of how innovation is taken care of by companies<sup>41</sup>. We discuss these three major innovation models of Fordism, flexible specialisation and open innovation respectively.

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<sup>40</sup> Although many contend it is not new at all. See the response to this kind of criticism by Chesbrough & Bogers (2014).

Brynjolfsson and McAfee (2014) see the rise of Fordism as one of the major transformations in the human history, if not the most important one. Only by the productivity jump this organisational model accomplished, was it possible to generate sufficient growth to help spur the demographic and societal changes we have experienced over the past 100 years. Building on the First (around 1830) and especially the Second Industrial Revolution (around 1875), Fordism was the new organisational model of specialisation, standardisation and hierarchisation of production that made it possible to exploit the possibilities of electrification of production since the beginning of the twentieth century. This combination of technology and organisation generated the greatest productivity rise in human history. For innovation, companies could rely on their own strengths to develop new products and processes. Managers became professionals, companies learned quickly how they could capture new markets and

generate new demand for their products. The enormous growth of companies strengthened them in their belief that they could tackle any kind of market demand they were confronted with. Companies experienced economies of scale and unexpected growth during decades. It was the heyday of capitalist mass production.

It is only in the 1970s, a slowing down of these growth figures started to appear. The causes of this productivity slowdown have been thoroughly researched and explained (Brynjolfsson & McAfee, 2014). The main issue was to find ways out of this pro-longed slump. A successful solution was to develop more flexible approaches to markets (Piore & Sabel, 1984). Companies tried to specialise in products or markets to better service their customers. They could profit from the new developments in computer technology and software. Flexible production technology became an affordable means for companies. The downsizing of companies, the introduction of new technologies and new methods to motivate and engage personnel were insufficient to help generate sufficient new growth for economies.

In the past 20 to 30 years, several (western) countries have experienced mass unemployment and insufficient growth rates. The flexible specialisation innovation model was a significant step towards open innovation because it implied a shift from technology pull to market demand driven innovation. The flexible specialisation model for companies did not really shift during these years; it remained rather firm in place. Developments were characterised by ongoing flexibilisation of production and labour, highly heterogeneous customer demands and shortened life cycles of goods, and radical technological innovation in computer capacity, ICT and the digital application of information and knowledge. Companies tried to generate new ideas and new products by spending more on their R&D-departments<sup>42</sup>. —new economic growth theory (Romer, 1990) offered remedy for more economic growth to combat rising unemployment through increased research and development (Beesley, 2003). New connections were sought to knowledge centres and even to public funding. In this period (since the nineties), the interest for triple helix- models for development of (societal) innovation became popular: industry, knowledge centres and government could work together to generate (national) competitive advantage (Leydesdorff & Etzkowitz, 1998). According to Brynjolfsson and McAfee (2014), these measures could not give companies a new innovation and growth boost. Their explanation is that the organisational models deployed are still those of Fordism. These methods cannot fully use the capabilities the new ICT-revolution brings to companies.

In the past ten years of the twenty-first century, the new innovation buzzword has been open innovation (Chesbrough, 2003; Chesbrough et al., 2006; Chesbrough et al., forthcoming 2014). Companies such as Philips have opened their R&D campuses to other companies and even competitors<sup>43</sup>. Dutch lithography machine- producer ASML developed joint investment programmes together with customers such as Intel because the amount of capital involved is beyond its capability to acquire. Companies realise that they are not capable to manage the whole innovation chain to develop changes for their customers. Companies not only specialise in their production (or service), they also specialise in their R&D-approach. The idea is that sharing the research effort for new products and markets, can help speed up the innovation process, reduce the costs for innovating and bring in more creativity than companies could generate themselves. Brynjolfsson and McAfee (2014) predict that innovation will find a new way forward. The digitalisation of any kind of information and the new computer technologies will help companies to generate much more combinations of products and processes as ever before. Also in the production and service processes, workplace innovation helps to link the wisdom of the crowd to the innovation process. We may expect many new things. Not only has the R&D-process been opened to the exterior, also the innovation process is now linked to all employees. The number of sources for innovation have been greatly expanded.

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41 Another way of looking at these developments is using Rothwells (1992) five generations of innovation models, namely technology push, need pull, coupling with feedback loops, integrated R&D-prototyping-manufacturing model and systems integrating or networking model strategically linking firms, also referred to as 1st generation (black box model), 2nd generation (linear model), 3rd generation (inter active model), 4th generation (systems model) and 5th generation (evolutionary model). A latest 6th model that was added is —innovative milieux, which are regional clusters of innovation and high technology (Marinova & Phillimore, 2003).

42 For the US, in the period of 1981 to 2012, the spending by businesses on R&D has risen from 1,6% of GDP to 1,9% of GDP. For the EU-15, this has risen from 1% to 1,4% of GDP. (OECD Science, Technology and R&D Statistics 1981-2012).

43 Philips launched the Philips High Tech Campus in 1998. The Campus is now home to some 90 companies (<http://www.hightechcampus.com/>). It generates about 50% of the yearly amount of patents in The Netherlands.

The main lessons from this trend toward open innovation seem to be: 1) Cooperation in innovation is a necessary condition to survive, as innovation has become extremely expensive; 2) Cooperation pools talents and knowledge creating opportunities for creativity and innovation; 3) Innovation becomes more dependent on the willingness and motivation of knowledge carriers of a varied kind, such as employees, customers, and individual innovators external to the company; Innovation may have a large variety of topics (technical and non-technical inventions) but in essence it has become a social process because of its multiplayer character.

In relation to social innovation this could mean a development towards more open social innovation. The thought behind this is that people all over the world not only participate in innovation of enterprises and business, but also when it concerns social issues and public value. Individuals, citizens, innovators may wish to get a stronger say in the coming about of social innovation.

## **NEW ORGANISATIONS AND WAYS OF INNOVATING: THEORIES ON MANAGEMENT**

In the previous section, the shift from closed to open innovation showed mainly an interest in innovation as product innovation. An important driver for any kind of innovation in products is how companies themselves change in terms of —new forms of organising or —organisational innovation (Lam, 2004). In the following two sections, we will be looking at these changes in theoretical thinking and organisational practices. The question is how much space theorists give to company management to improve organisations in all respects. Theories on how management can innovate organisation and processes have proliferated quite fast, in all research disciplines. We look at three dominant views on management and innovation namely organisational design thinking, dynamic capability management, and absorptive capacity management. The first topic has always had news value, because redesigning organisations coincides with the restructuring of economies and industrial sectors. The two other topics gained importance because organisations need to be versatile in volatile environments, they simply must be dynamic; and they cannot innovate by themselves and it all on their own, they must incorporate knowledge developed elsewhere, especially their organisational members must be good at it.

### **Management as designers**

The fact that management has a leading role in directing the fortunes of companies by changing the organisation is not the dominant idea in all disciplines. Neo-classical economics sees organisation as unimportant: companies adapt (nearly) immediately to their environments. Organisations adapt to their environment. Also, since external demands are the same to all companies, companies need to select the same model to survive. If they do not, their inefficiency will force them to leave markets. Capabilities of companies are directly impacted by the economic environment. Organisational economics has challenged this way to look at organisations (Bloom & Van Reenen, 2010; Foss & Klein, 2012). Bloom and Van Reenen (2010) classify such theories under the heading of —design theories<sup>44</sup>. Design theories require management to quickly redesign their organisation to the requirements of the markets. The environment directly selects —optimal organisational forms<sup>l</sup>. This is much in line with the contingency approach that posits that the relationship between performance and HRM is conditional upon the different modalities taken by another variable, viewed as contingent (Sheehan, 2013). Modern sociotechnical thinking (De Sitter, Hertog, & Dankbaar, 1997) may be seen as such a design theory: each new economic environment requires companies to change their structures accordingly (—law of requisite variety<sup>ll</sup>). Kumpe and Bolwijn (1986) and Bolwijn and Kumpe (1990) see four types of environment that require companies to finding the right fitting organisational form. In the following table, we show which environment requires which organisation structure.

44 When we talk about design theory we mean organisational design theory (in the vein of Galbraith, 2010) and not social design theory, which is often used in the context of social innovation literatures (Brown & Wyatt, 2010).

Period	Market requirements	Performance criteria	Ideal type of firm
1960s	Price	Efficiency	The efficient firm
1970	Price, quality	Efficiency + quality	The quality firm
1980s	Price, quality, product line	Efficiency + quality + flexibility	The flexible firm
1990s	Price, quality, product line, uniqueness	Efficiency + quality + flexibility + innovative ability	The innovative firm modern sociotechnology
2000s	Price, quality, product line, uniqueness, idiosyncrasy in use	Efficiency + quality + flexibility + innovative ability + complexity and duality	Ambidextrous organising

Table 10: Evolution process of large firms in the period 1960-2000 (ibid.)

We added a fifth development in the ideal type of firms, namely ambidextrous organising. The essential element of ambidextrous organisations is being able to bring synergy to opposing, dualistic situations, that can be quite complex (Tushman & O'Reilly, 1996, 1997; Sutherland & Smith, 2011). An often used example is being short term efficient and long term innovative simultaneously (Katz, 2003). Market requirements are that consumers can use a product or service in an extremely personal way (idiosyncratic), as is possible with today's ICT and social media related gadgets.

### Management technology and dynamic capabilities

The interest in modern sociotechnology (MST) somewhat faded in the 2000s with the sharp rise in interest in Lean Production (Arlbjørn & Freytag, 2013). Currently, MST is regaining in interest mainly because of the limited usefulness of lean production in service types of settings (despite its unlimited use to —rationalise work processes) and the rising importance of innovation as a performance criterion. Lean remains too much a toolbox of organisational instruments (Kanban) and has not become a consistent organisational theory. Bloom and Van Reenen (2010) posit that management has more possibilities to change organisations than the choice for one model related to one economic environment. Superior organisational approaches only over time show their capabilities. There is room for manoeuvring. Foss and Klein (2012) talk about —entrepreneurial judgment. They see this as the basis for a new (entrepreneurial) theory of the firm.

This shift in economic thinking might seem strange for organisational sociologists. Organisational sociologists have always investigated the rise and fall of new organisational concepts and approaches (Kern & Schumann, 1986; Schumann, 1995). That companies may use quite different organisational concepts and still remain successful is a quite acceptable result of many studies (Schumann, 1995). Management needs to make use of organisational capabilities as dynamic capabilities to improve the company performance (Teece & Pisano, 1994). These dynamic capabilities may be very different from one company to another. Companies need to develop their dynamic capabilities so as to be more flexible with the numerous demands they need to cope with (Teece, Pisano, & Shuen, 1997). Teece et al. (1997) define —dynamic capability as ‘the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments’. Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece and Winter (2007) say to this that —dynamic capabilities not so much deal with —operational capabilities, but with ‘the capacity of an organization to purposefully create, extend, or modify its resource base. The —resource base includes the —tangible, intangible, and human assets (or resources) as well as capabilities which the organization owns, controls, or has access to on a preferential basis’ (p. 4). —Dynamic capabilities therefore enhance the innovative capabilities and competitive advantage of organisations.

In 1995, MacDuffie insisted on the importance of human resource bundles, as a systematic approach to the development of human resources, to improve profitability (+), innovation (+) and labour turnover (-) in companies. Sheehan conceptualises these dynamic capabilities as HR-bundles of practice: recruitment and selection, performance appraisal, performance-based pay, training and development, employee voice, participation, information sharing and —strategic people management. She argued that relatively well-developed bundles of practice are effective in SMEs and especially in improving their profitability and rates of innovation (Sheehan, 2013).

In this human resources-performance literature, the distinction is made between traditional practices and —high performance/commitment practices (Guest & Conway, 2011; Sheehan, 2013). Such practices may live next to one another. Sheehan (2013) also points out that there is a whole spectrum of HR-bundles possible that companies may choose between. Her results show that performance improves with a more integrated approach to HR-measures.

A separate line within this tradition is that knowledge of employees is needed to make —high reliability organisation (Weick & Sutcliffe, 2007) or —project based organisations (Hobday, 2000; Peters, 2011) function properly. Elementary notions in this respect are that successful functioning of organisations has become more dependent on competencies, talents and motivations, than on how processes are organised. HROs for example are able to perform resilient and effective by promoting a sense of urgency among employees to prevent making mistakes. They train people to be resilient in restoring the process from mishaps. —Project based organisations on the other hand, largely organise

processes around knowledge of project team members in order to be able to address the combination of market demands by a combinations of skills (variety is met by variety).

In the Nordic European countries, this idea to build on the support from employees to develop the company, has been even developed into a model in which employees are the main drivers for innovation. Employee driven innovation (EDI), building on the large tradition of participative democracy in Scandinavia, sees employees as having unique, accessible and generally free knowledge of production processes, clients wishes, and a drive to be creative and innovative in daily work (Høyrup, Hasse, Banafous-Bocher, Møller, & Lotz, 2012).

### **Knowledge economy and absorptive capacity**

The changing economic environment is strengthening this opinion of malleability of organisations. Certainly in the current competition, organisations are competing on the most malleable of resources, the knowledge of their co-workers. Companies need to use more skill to cope with the technical changes. Two hypotheses give different interpretation of the use of higher skill levels in companies. According to Elsby, Hobijn and Sahin (2013): ‘The first is skill-biased technical change, the notion that technical progress particularly augments the productivity of high-skilled workers relative to the low skilled, yielding rising wage inequality (...). The second, capital-skill complementarity, explores the possibility that the elasticity of substitution between capital and skilled labor is less than that between capital and unskilled labor’. Both predict more use of higher skill levels. Gallie (2013) finds that the economic crisis of 2008 and 2010 has led to a further selection of companies based on skill composition. Companies with on average higher skill levels seemed much more resilient during the crisis than companies employing more employees with lower skill levels.

The ideas on the use of knowledge as a resource have shifted over time too. The changing use of knowledge has led to new ideas how organisations should change themselves. Currently, developing the skill levels of companies is seen as needed to improve the absorptive capacity of companies (Cohen & Levinthal, 1990; Zahra & George, 2002). This is a change in approach with that of the beginning of the 2000s. In that period, knowledge and skills seemed to be much more —manageable to the needs of the companies (Nonaka & Takeuchi, 1995).

The open innovation approach to innovation also expands the thinking about internal resources of companies for innovation. Open innovation supports the use of different co-creation methods to engage suppliers, but also customer groups to bring in their knowledge and competences (Dhondt, van der Torre, van der Berg, & Wiezer, 2013). For example, the use of open source in software development is now seen as an important means to shorten time to market. There has always been concern in such open source software for quality of the code and the security liability. But companies have learnt to work with open source software and control these issues. Open source appears also to be the prime method to attract and keep talented software developers (Asay, 2014). ‘It’s no longer about cheap, commodity software. According to new research, it’s about driving innovation through participation.’ Brynjolfsson and McAfee (2014) see open innovation leading to more pressure for transparency from companies. Companies need not only to develop their internal strategies (HR-bundles) but also their external strategies to use hard-to-control resources to develop their innovation (Dhondt et al., 2013).

The growing number of resources and measures to be controlled by management has risen considerably. Complexity thinkers pointed out that managing the risen intricacy is very difficult and unpredictable, despite the overabundance of management tools and approaches to help managers cope with these (Stacey, 2012).

The theory how people in organisations should cope with complexity and duality differs from practice. In theory innovators and investors know that innovations are complex, but in practice they are inclined to cling to the belief that such innovation processes can be controlled. There is a dominant model among managers how to manage and lead innovation, namely the —strategic choice model (Stacey, 2010); there is a dominant model how people deal with complex situations, namely the rationalist —model 1 theory-in-use (Argyris, 2010); and there is a dominant human information processing model that tend to reduce the human psychological effort to solve difficult issues, namely —fast thinking (Kahneman, 2011). What these dominant behavioural models have in common is that they function perfectly in simple and routine situations but that they fail in complex and non-routine situations, such as to deviate from the norm in the case one has to be innovative and creative.

Although practitioners, researchers, academics, policy makers and consultants provide the experience and the evidence and the advice to take complexity and variety into account in the way innovation processes are organised and how people work within these contexts, people in organisations have great trouble to actually bring that into practice (Argyris, 1980; Stacey, 2012). A way to get a grip on complexity is to at least enlarge the absorptive capacity of organisations and being able to deal with ambidexterity and thus explore open innovation more fully (Lichtenthaler, 2009; Lichtenthaler & Lichtenthaler, 2009)45.

These three developments show that what stimulates innovation mostly, is still heavily debated in the theoretical field. Many of the elements of these theories are useful for our discussion on social change and social innovation. We will come back to this discussion in our conclusion. For now, we want to see how this theoretical thinking has influenced practice. We do this in the next section.

## **RISK MANAGEMENT**

In this section, we zoom in on the new practice of open innovation and on the analysis of the core elements in innovation management. We start with some practical examples of open innovation. Then we move on to explore if and how innovations are manageable. Two models, based on practice, are discussed that give insight in the fact that one can manage an innovation process, but not so much the eventual outcome of that process. We continue to investigate what successful innovators actually do to keep an innovation process on track. The good news is that there seems to be a limited number of leverage factors; a more worrisome finding is that each successful innovation demands a unique mix of those factors, which cannot be planned beforehand. However, some guidance can be presented about what kind of organisation is needed, namely —professional bureaucracies that have temporary structures, and works team-based or project-based. We end this section by mentioning some consequences for social innovation.

### **Open innovation**

The previous Sections illustrated a shift from closed to open innovation and new ways of managing. Key elements of these new ways of managing are redesigning organisational structures to quickly adapt to changing environments, enhancing the organisation's and their people's dynamic capabilities that enable quick responsiveness, and developing knowledge as the most important resource for renewal and change.

Open innovation is taking place all over the world. Drawing on a database collected from 605 innovative SMEs in the Netherlands, van de Vrande, de Jong, Vanhaverbeke and de Rochemont (2009) investigated the incidence of open innovation. They found that SMEs engage in many open innovation

practices and have increasingly adopted such practices during the past seven years. No major differences between manufacturing and service industries were observed, but medium-sized firms are on average more heavily involved in open innovation than their smaller counterparts. SMEs pursue open innovation primarily for market-related motives such as meeting customer demands, or keeping up with competitors. Their most important challenges relate to organisational and cultural issues as a consequence of dealing with increased external contacts. A few years earlier, Van der Meer (2007) had found evidence that there is a difference in collaboration between innovative larger companies and innovative SMEs in the Netherlands. Innovative larger companies have a tendency to display closed behaviour when things really start to matter, while innovative SMEs are more naturally suited to engage in open innovation. Van der Meer (2007) contends that open innovation does need a deep involvement to really pay off, and in this respect Dutch companies find it hard to find a good fit, he says. The value added by the open innovation paradigm is not only about innovation, but certainly also in thinking of (new) business models, which is a real challenge for (not only) Dutch companies.

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45 Ralph Stacey (2010, 2012; Mowles, 2011) is one of the major complexity thinkers in management. In the past couple of years, Stacey stresses the fact that organisations develop themselves rather through processes than structures, which are highly politically driven but not controllable. He now is advocate of a configurational approach, named a complex responsive processes approach.

In the text box below we give a few examples of open innovation from the Netherlands (van der Meer, 2007; Jacobs & Snijders, 2008).

FrieslandCampina (milk and dairy industry) - Reducing waste and energy consumption in cheese packaging<sup>46</sup>. Cheese packaging is often made from a laminated polymer film. The packaging is sealed with a second laminated film to create a resealable package. In looking for ways to reduce waste and energy consumption, FrieslandCampina partnered with the leading PET manufacturer OCTAL and specialty packaging manufacturer Südpack in Germany. Together they converted the Form-Fill-Seal packaging from a laminated APET/PE structure to a significantly lighter and 100% recyclable single layer DPET whilst retaining full pack performance. In addition DPET production requires 65% less electrical energy compared with common APET, thanks to OCTAL's innovative manufacturing process. This combined effort reduces packaging material as well as energy consumption and contributes to our sustainability targets.

Shell (oil and gas industry) - The demand for energy is expected to increase due to population growth and poverty decrease <sup>47</sup>. To cope, Shell must continue to advance renewables, develop new technologies and make fossil fuels cleaner and more efficient. With this in mind, Shell is driving open innovation and uses both external and internal ideas in a bid to innovate and improve. Shell's Open Innovation toolkit has four key pillars: GameChanger, Shell Technology Ventures, and Shell TechWorks, plus the relationships Shell has had with universities for a long time. These pillars all complement Shell's internal R&D.

GameChanger works at the early stage of development, and welcomes ideas from across the globe, from individuals and startups aiming to produce a proof of concept. GameChanger helped create Ezip (Expandable zonal inflow profilers). This swellable rubber expands multiple times when immersed in water. Inspired by a kids' bath toy, Ezip is used in oil wells to automatically seal off a reservoir when water is detected. Next on Shell's development spectrum is Shell Technology Ventures. This venture capital arm is an investor in GlassPoint, who uses solar power to heat water and make steam, which is

injected into wells to heat viscous crude making it flow more easily. At the end of the development range is Shell TechWorks, which looks for technology that was developed in other industries, but addresses challenges similar to Shell's: automation, seismic acquisition, and the advanced use of sensors. Shell dreams of bringing the kinds of robots that operate in space to Earth. These would work in off-shore applications, underground and in exploration roles.

Network innovation - The High Tech Automotive Campus (HTAC)<sup>48</sup> offers a one-stop-shop for the Automotive cluster, with a concentration of world-class education, R&D, engineering, test-facilities and a great community building & open innovation in the Eindhoven area of the Netherlands. There is interplay between industry, education and government. HTAC's goal is to function as a(n) (inter) national magnet to attract first-class automotive companies, and the business they attract, to the Brainport Eindhoven Region. At HTAC, high-tech companies and engineering companies are accompanied by knowledge institutes. All of them are able to make use of the facilities, as there are several meeting rooms and test facilities present at the campus. The High Tech Automotive Campus has a clear strategic focus for all its activities and inhabitants on two technology domains in the Automotive cluster: future power train and smart mobility. The future power train is a focus on sustainability in R&D and the reduction of CO2 emissions. Smart Mobility is concerned with

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46 (<http://www.frieslandcampina.com/english/innovation/your-innovation-and-friesland-campina/open-innovation-examples.aspx>).

47 (<http://www.wired.co.uk/promotions/shell-lets-go/innovation/the-idea-factory>)

48 ([http://www.euris-programme.eu/docs/htac\\_eindhoven](http://www.euris-programme.eu/docs/htac_eindhoven)) technology helping to both increase and make better use of road capacity. The High Tech Automotive Campus has its own foundation and is managed by its own management and board of directors. The foundation is set up in a triple helix structure, with three representatives from knowledge institutes, three from governmental institutions and three from the business sector.

In applying innovation in practice at least two sources external to the organisation are a necessary condition to get hold on: funding or venture capital and data or knowledge about demands and inventions. The next examples<sup>49</sup> of open innovation and crowdsurfing make this clear. 'The rapid exchange of data necessary to maintain competitive enterprise operations demands access to multiple, fluid sources of information. Crowdsourcing uses the input of individuals external to an organization to resolve strategic problems or complete tasks once assigned internally to an explicit corporate individual or department':

Anheuser-Busch (AB)– The world's leading brewer, AB has made sizable inroads in crowdsourcing. While its Budweiser is easily America's best-selling beer, AB sought customer input to develop a brand more attuned to craft-beer tastes. Development of Black Crown, a golden amber lager, combined a competition between company-brewmasters with consumer suggestions and tastings; this project had more than 25,000 consumer- collaborators. In Brazil, where AB markets the leading brand, Skol, it has opened PopTent, a crowdsourced video-production company specializing in TV-commercials, utilizing a social network of 35,000 videographers from 120 nations. AB's site offers potential collaborators open innovation opportunities with the firm.

Nokia– Like most crowdsourcing ventures, Nokia's Ideasproject defines itself as a global community devoted to open innovation. It focuses on consumer-derived collaboration across 210 nations to improve the viability of Nokia products in all markets. The Ideasproject is valuable because it draws on the consumer-experiences of participant-innovators to generate new ideas about the kind of products

they seek from Nokia. Crowdsourcing participants are enabled, becoming their own agents of product-design. Current crowdsourced innovations can be examined, and new ideas offered. Nokia shares revenues generated from crowdsourced ideas with Ideasproject participants.

Unilever– Despite its globally-recognised and respected research staff and facilities, Unilever understands the value of collaboration with innovative partners from outside the firm. It seeks external contributions from anyone with useful input into such diverse project challenges as storing renewable energy, fighting viruses, reducing the quantity of sodium in food, creating cleaning-products that pollute less, and changing consumer behaviour to encourage enhanced sustainability, among many other projects. The firm invites crowdsourced, open innovation submissions at its ‘Challenges and Wants: Submit a technical solution to us via our Open Innovation’ portal<sup>50</sup>.

Several studies indicate that putting innovation management to practice has changed since the shift of closed innovation to open innovation. Becoming a multiplayer game with external stakeholders dependent on each other, and not being able to centralise control, demanded a looser way of steering and accepting more uncertainty on the one hand. On the other hand, organisations must practice risk management and be very careful how to spend their precious resources. This is exactly what companies tend to do, balancing between freedom and control, between exploring and exploiting, between leading and managing, and between innovation and routine. It was Drucker (1985) who pointed out that combining innovation with entrepreneurship is the best way to go: ‘the entrepreneur always searches for change, responds to it, and exploits it as an opportunity (...). Entrepreneurs innovate. Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth. Innovation, indeed, creates a resource (...). There is no greater resource in an economy than —purchasing power<sup>l</sup>. But purchasing power is the creation of the innovating entrepreneur.’ (p. 25ff)<sup>51</sup>

The question whether innovations are manageable by risk management or not depends on how you look at it, contend Jacobs and Snijders (2008). If you look at it from the viewpoint of high-tech, large investments, scientific discoveries and patents it may seem uncontrollable; but if you look at it from a broader perspective, and one is including small and non-technical innovations, then the process of innovation is controllable and manageable. Jacobs and Snijders studied 22 innovating organisations and learned that there are ten innovation routines

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49 (<http://www.innocentive.com/blog/2013/10/18/5-examples-of-companies-innovating-with-crowdsourcing/>)

50 ([www.innocentive.com](http://www.innocentive.com))

51 The topic of social entrepreneurship could be taken up here. This topic, however, is dealt with in combination with social innovation, by Avies & Simon in chapter 4. being applied by them. Each organisation had his own unique combination of a certain number of routines. If they had on average seven out of the ten routines applied, they proved to be rather successful in being able to remain innovative by being capable of —repeated innovations<sup>l</sup>. The 22 companies all said that innovation largely is an unpredictable process, but the researchers found out that they all nonetheless go about innovation in a systemic manner.

The question arises what these 22 organisations do while managing their innovations. Before we give an answer to that question we look at innovation management models of van de Ven et al. (1999) and Bessant and Tidd (2007). Van de Ven et al. executed a large research program on innovation and digested

the general findings into a model based on the practice of these innovations. Bessant and Tidd reviewed the literature on innovation and entrepreneurship and developed a model based on that and on their own practice as researchers and consultants.

### **Two innovation management models**

Innovation management deals with managing something that cannot be managed but at best facilitated. Despite the dominance of rational management models in organisational life (Mowles, 2011; Stacey, 2010,2012), most people in organisations responsible for innovations accept it is an endeavour hardly to plan. Rational dominant management models contend that people can lead, manage, control and plan situations and events as if innovations are linear processes. Innovators in organisations know such processes are void with unforeseen events and often unpredictable outcomes. The literature on innovation, organisational change, project management and re-structuring is highly consensual: about 7 out of 10 efforts fail in the sense that their journey does not arrive at the desired spot (Beer & Nohria, 2000; Sausser, Reilly, & Shenhar, 2009; Mulder,2012). Apparently, innovation processes are not easily predictable and successful.

Innovation studies made clear that innovation processes are non-linear, hard to predict, rich of emergent properties and serendipities and sometimes even wicked or chaotic. One very rich example is the study of innovation journeys (van de Ven et al., 1999) which are based on the Minnesota Innovation Research Program (van de Ven, Angle, & Poole, 1989). The —innovation journey‖ understands innovations as a nonlinear cycle of divergent and convergent activities that may repeat over time and at different organisational levels if resources are obtained to renew the cycle. Although innovations are unique, there seem to be patterns of commonality pertaining to the initiation, development and implementation periods<sup>52</sup>. Preceding the initiation of an innovation there is a gestation period of seemingly coincidental events, —shocks from internal and external resources triggering concentration of efforts, and making of plans to obtain resources. After this stage setting launching period a developmental period sets in during which concentrated efforts are undertaken to transform the innovative idea into a concrete reality. Finally, an implementation or termination period is observed in which the innovation is adopted and institutionalised as an ongoing program, product, or business or it is terminated and abandoned (van de Ven et al., 1999; see figure 11).

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<sup>52</sup> In the same vein - but not referring to van de Ven et al. - van der Meer (2007) distinguishes (1) the concept stage in which new ideas are found; the stage of —invention‖ and free creativity; (2) the development stage in which ideas are transformed into projects; and (3) the business stage in which projects are turned into new business

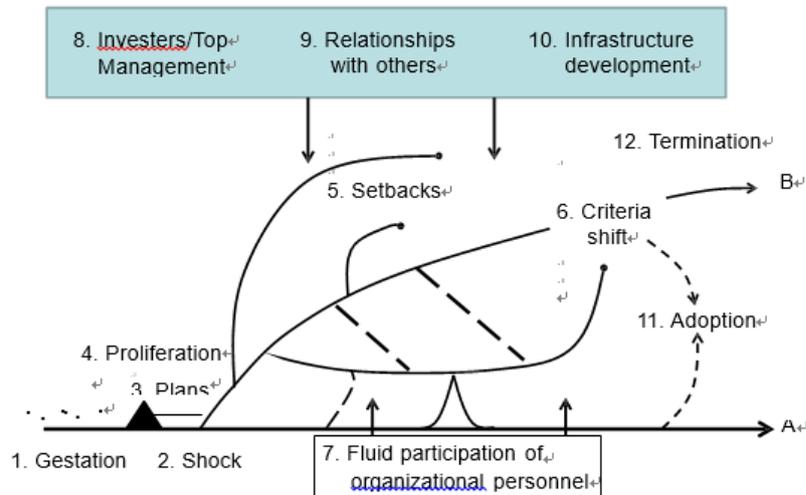


Figure 11: Key components of the innovation journey (van de Ven et al., 1999, p. 25)

The richest period in terms of events and complex interactions is often the developmental period. Van de Ven et al. (1999) make clear that much is happening with ups and downs in an iterative way, without really being able to control what is happening. The initial innovative idea proliferates into numerous ideas and activities that follow different paths. There are frequent setbacks and mistakes because plans go awry or unanticipated environmental events alter ground assumptions of the innovation. Over time criteria for success and failure often change, resulting in power struggles between stakeholders, especially resource controllers and innovation managers (innovators) inside and outside the organisation. Innovation personnel participate in highly fluid ways. They are involved part-time or project-based, have high turnover rates, and experience changing human emotions (euphoria, frustration, closure). Investors and top managers have a strong influence in exerting checks and balances on one another and performing interventions. They take important decisions or solve problems. Finally, there is the involvement of third parties, like competitors, trade associations, government agencies and so on that either support or hinder the development and implementation of innovations.

Innovation therefore seems impossible to be managed easily, it can only be intended and facilitated. The complexity of interactions is growing by the day. The strong heterogeneity of customer demands has a diverging effect of innovation paths. Meeting customer demands has stimulated open innovation. Shorter product life cycles enhanced a continuous need for venture capital and pushed innovation to become a multiplayer endeavour. If one looks for instance at the practice of Apple's app store, one gets the impression that —Everyone is involved!. But what do you do if you still need to manage an innovation, and have to deal with uncertainty (Böhle, 2011; Wolf, 2011)?

Bessant and Tidd (2007) understand innovation management as a process, an 'extended sequence of activities'. It is a process to generate, select and implement ideas that needs to be organised to make innovation happen. Three aspects flank this process, namely strategic leadership and entrepreneurship, innovative organising and network-based proactive relations (see figure 12).

Generate innovation possibilities by scanning and searching the environment to detect signals for innovation. Subsequently strategically select from these options those things which the organisation will commit resources to. Then follows the period when a chosen option needs to grow from an idea to a launch during which a host of problems have to be solved. This stage is comparable to van de Ven et al.'s development period pointed out earlier. The essence of innovation management is how to manage the

resources adequately (Bessant & Tidd, 2007). Resources are for instance means, people, tools, and knowledge.

From a leadership and entrepreneurship perspective innovation can be understood as risk taking with scarce resources that demand vision, courage and choosing directions. Innovation is about taking risks, but not gambling. Innovation is about sensibly dealing with uncertainty (Böhle, 211; Wolf, 2011; Foss & Klein, 2012). Resources are scarce and must be used wisely, namely based on solid business strategy. Entrepreneurship and courage may be needed to do new things and direct an organisation away from what everyone else is doing (Drucker, 1985). Schumpeter called this assembling new combinations.

Innovative organising is an —enabler for renewal, that is characterised by an organisational structure and culture in which creativity and knowledge sharing blossom. Innovative organising supports how an organisation meets the demands of environmental variety, by absorbing variety, and in so doing, building the dynamic capabilities that are needed.

An important recent development in this vein is the attention to workplace innovation. Workplace innovation, in essence, means renewal of both organisational structure (i.e. work organisation, job design) and process (i.e. organisational culture, organisational behaviour) through dialogue (i.e. participative decision making, voice) resulting in better performance, good quality of jobs, and the capability to remain innovative (Oeij et al., 2011; Pot 2011; Pot et al., 2012)<sup>53</sup>.

Besides strategic leadership and entrepreneurship, and innovative organising, a third aspect is of importance, namely the network of proactive linkages of organisations (Bessant & Tidd, 2007). Such network linkages<sup>54</sup> give expression to innovation becoming a —multiplayer game<sup>l</sup>, because innovating takes place within contexts where people are successful in finding, developing and deploying connections and creative relations in a proactive manner. Innovation is not a solo act, that is why it is called —open innovation<sup>l</sup> these days (Chesbrough & Bogers, forthcoming 2014). Network linking implies border crossing within and between organisations through proactively linking anyone who might play a significant role in the innovation process, be it suppliers, vendors, customers, investors, knowledge carriers etcetera.

Innovation management thus brings focus to the process of generating, selecting and implementing an idea, visualised by the innovation funnel – few ideas survive, most are discarded – and partly driven by the availability of the right market and technological knowledge.

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<sup>53</sup> Workplace innovation as it developed in the Netherlands was in first instance called social innovation. Here and then, social innovation was contrasted to technological innovation in organisations. When Europe adopted the term social innovation, the Dutch label became confusing, as it was being used for both workplace innovation and social/societal innovation. Today a clearer distinction has been strived after by defining workplace innovation strictly as innovation in relation to work and organisation, whereas social innovation is being reserved for social and societal issues. At the same time a connection is being sought between both spheres, by stimulating national platforms and networks that bring together social policy and economic —top-sector<sup>l</sup> policy and the involved agents from social organisations and NGOs, business, and knowledge organisations and universities. The Dutch Advisory Council for Science and Technology Policy, for example, recommends social innovation to become an explicit element of governmental public policy making, and becoming a part of the Dutch general innovation policy. It should help to solve social issues and to boost economic growth, by developing partnerships which include a stronger and active role for the government (AWT, 2014).

54 If managing innovation can be understood as —network based innovating, we suggest to describe this as organisational boundary-crossing and multi-disciplinary cooperation between practitioners – entrepreneurs, intrapreneurs, investors, business people, etc. - and knowledge developers – innovators, scientists, designers - with the intention to develop innovative solutions in an open and iterative manner to specific issues that are important to diverging stakeholders with unique knowledge being assembled and applied. OPIUM, constituted by the combination of open innovation, participatory innovation, iterative innovation, unique knowledge assembling and application, and multidisciplinary innovation (Oeij & Vaas, 2011).

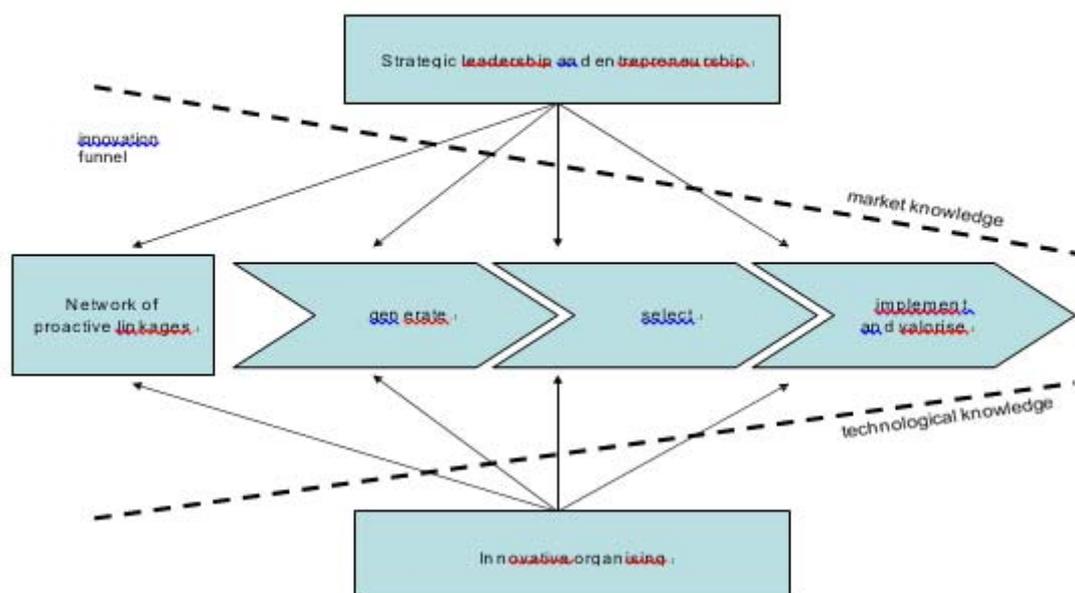


Figure 12: Innovation management (after Bessant & Tidd, 2007; Tidd & Bessant, 2013)

Although how people in organisations are managing innovation will differ, they nonetheless must take into account four observations (Ortt & Smits, 2006). First, the linear model no longer holds. Innovation is iterative and multi-causal. Second, and related to this, is the need to look at innovation from a systemic perspective. Many parts and actors are linked intricately in the innovation process. It makes no sense to single out parts and exclusively manage those parts while ignoring the interdependencies. Third, uncertainty is inherently and continuously present. Complete control over the process by planning and prediction is an illusion. Fourth, managing innovation is entrepreneurship, not just a task to be managed. It demands risk taking, reflection and learning and living on —the edge of chaos. A fifth point to add is the paradoxical nature of innovation processes and the mixed messages that emerge all of the time. A good example is van de Ven et al.'s (1999) description of the tension between investors and innovators: be creative but watch your wallet.

Paradoxes ask not for choosing between seemingly incommensurable properties but demand trying to find the synergy between them. The complexity of innovation processes not only informs us on the interdependency of events, people and things, but they also tell us it leads to something that did not exist before. As Bessant and Tidd (2007) put it: ‘Getting a good idea into widespread and successful use is hard enough - but growing and sustaining a business requires the ability to repeat the trick. (...) Success isn’t about luck - although there is probably some truth to the old saying (...) —the more I practice the

luckier I get. Innovation is about managing a structured and focused process, engaging and deploying creativity throughout but also balancing this with an appropriate degree of control' (p. 438).

Jacobs and Snijders (2008) have observed that innovators say that innovations are unpredictable, yet they organise the innovation process in quite a systematic and thoughtful manner. As if they combine reason and intuition subconsciously in a sense-making way. Maybe that is hindsight logic, but let us look what these innovators actually do.

### Making idiosyncratic combinations

Deviating from the two discussed innovation management models, Jacobs and Snijders (2008) pertain that an innovation process is build up around innovation routines of three kinds: 1] a strategic profile that provides directions for the creating and selection of ideas; 2] implementation competencies and design rules in organising innovation; and 3] a corporate culture of learning and innovating that serves as a feedback mechanism for continuous improvement and innovation.

The component of strategy (1) essentially refers to an organisation's position towards markets, environments and its own products or services. Unique selling point and core competencies are determining the space to manoeuvre.

Organising innovation (2) is for Jacobs and Snijders a crucial ingredient for being capable of repeated innovations. To analyse this issue the authors make use of Mintzberg's organisational structure typology limited to four basic organisation types (see figure 13):

Environment Organisation	Stable and predictable	Dynamic and predictable
Complex	Professional bureaucracy	Adhocracy, innovative organisation
Simple	Machine bureaucracy	Simple structure, entrepreneurial organisation

Figure 13: Development of structures in organisations with repeated innovation (adaptation by Jacobs & Snijders (2008, p. 65, p. 76) of Mintzberg's four main types of organisation)

According to Jacobs and Snijders (2008) organisations that wish to be innovative face the challenge to develop themselves into 'open professional bureaucracies that combine exploitation (routine) and exploration (innovation) in ambidextrous manners'. An innovative organisation is flexible. Adhocracies are often either young and small organisations or larger organisations with a flexible structure and project-based teams, like in a matrix organisation. According to Mintzberg even such adhocracies have a tendency to bureaucratisation over time. If they are successful they will repeat certain activities and stabilise processes. At the same time they are repeating innovative routines, contend Jacobs and Snijders, they are standardizing innovative practices even if they are unaware of it. They become stable, yet remain innovative, and they are maybe more to be characterised by incremental than radical renewal.

The larger of such open professional bureaucratic organisations continue to make use of project-based teams of a special kind, namely —temporary adhocracies that are given a special task

related to innovation or change. A used term for this is a —skunkworks project, which is a project developed by a small and loosely structured group of people who research and develop a project primarily for the sake of radical innovation. Professional bureaucracies are more like networks, and are relatively open to the environment and capable of dealing with ambiguous, —ambidextrous, demands. Yet, they have become more stable and better capable of repeated innovation, either in incremental renewal (building on success) or radical renewal (by temporary adhocracies).

Snijders and Jacobs (2008) posit that open professional bureaucracies combine an open and creative culture of learning and cooperation by those departments responsible for innovation, with an organisational structure based on reliable facts and figures, resulting in focus. Organisations like these are in a constant flux between exploitation and exploration, which demand from a management perspective that such organisations be organic instead of mechanistic, and from a perspective of how professionals should act to remain innovative instead of routinely. Managers select, connect, and control, while professionals create, develop, produce and sell. The organisational culture, thus, enables and demands taking different roles at different moments in the innovation process.

In their research Jacobs and Snijders observe that the companies under study, all successful in repeated innovation, are moving from adhocracies or from machine bureaucracies towards the open professional bureaucracy type (see figure 14). The movement from machine bureaucracies is made by larger organisations. Some of them have their own R&D department, others do not. The shift from adhocracies towards open, professional bureaucracies is made by organisations without an R&D department, not necessarily small organisations, but often working with small departments or teams.

About the third component, the organisational learning culture, the picture of activities is varied across the 22 companies according to Jacobs and Snijders. A common element, however, is that innovation is regularly at the top of the agenda. Market developments and customer demands must be monitored closely. New ideas must be found and nurtured, inside and outside the organisation. The organisations combine multi-disciplinarity and diversity – getting the best people - coupled to boundary spanning – building bridges and managing the process - in forms of cooperation such as (project) teams, communities of practices and acquiring external knowledge, for instance through (Internet) competitions. Leadership roles change during the process from people oriented to task oriented behaviour, as we saw earlier. But there is a continuous focus by leaders on creating commitment of professionals and external co-creators to realise a project's goal. The interaction with (potential) customers determines if an innovation is developed further, changed or eliminated. The organisations develop commitment and mobilise people by trying to seek a balance between guts, ambition and autonomy on the one hand, with learning from hard figures, customer feedback, and dealing with mishaps on the other hand (Jacobs & Snijders 2008).

In their innovation process these 22 companies are good in at least seven out of ten of the following innovation routines or disciplines (ibid.):

1. a clear connection between strategy, business model and innovation
2. understand societal trends and wishes of customers and act on it
3. learn from and listen to customers and find out their future demands
4. be ambitious and entrepreneurial
5. continuously develop incremental innovations further (next to possible radical innovations)
6. learn from critical performance indicators
7. get the best people committed
8. create an open ambiance conducive to both creativity and constructive criticism
9. build strong networks with partners, customers and knowledge carriers

10. keep focus on nice versus need to have and be committed when suffering misfortune

### **A note on diffusion of innovation**

Innovation, especially technological innovation, has long been a matter of straightforward, rather linear, technology push and of market pull. These days, innovation is in the first place more seen as a cyclical process, involving various (non-technological) factors. In the second place, while inventions may be still quite local, or bounded in networks, the diffusion of innovations comes more and more to depend on strategic policies and governance, like innovation programmes. At both micro or macro level, for an innovation to be accepted and get disseminated and diffused, Rogers stated that knowledge absorption, a persuasive business case, the decision to move forward and implement the innovation, and finally, getting accepted or adopted are all necessary (Rogers, 2010). The pull may come from (competing and entrepreneurial) companies, while the push is delivered by (regional, national and European) governments and policy. Rogers's managerial and organisational level model seems to fit well within simple hierarchical decision making structures, but it does not apply to organisations where decision making is complex. Such organisations consist of stakeholders and agents, in which each agent has some decision latitude or autonomy, for example in flat organisations, or in schools, networks, professional organisations, organisations with semi-autonomous business units and teams. Frank, Zhao and Borman (2004) give the example of a school organisation where members can exert social pressure on each other and can decide whether or not to support change and help others, or not.

The agent's perception of the usefulness of an innovation affects its implementation, not only individually. Perceptions are constituted in the formation of interest by groups of agents as well, through interaction and opinion forming processes. Greenhalgh et al. (2004) studied the diffusion of innovations in service organisations and developed a model of possible determinants of diffusion, dissemination and implementation of innovations. The model is built up around nine components, and within each component there are a number of categories and subcategories. They all play a role in the mechanism for innovations to be adopted or not. For example, the innovation itself should have a number of advantages compared to the present situation, like improving the present situation, compatibility, low complexity, low risks, fitting with the nature of knowledge required. The organisation that is to adopt the innovation (system antecedents for innovation), should have certain structural characteristics (e.g., the right size, differentiation, decentralisation, slack resources), an absorptive capacity (e.g., pre-existing knowledge, ability to acquire and process knowledge, knowledge sharing through networks). And the implementation process should be designed such that receptiveness becomes likely. The model then combines structural elements, behavioural elements, and resources, and connects the resource system, the user system, the knowledge purveyors and the change agents, and the outer context with each other. The mechanism of diffusion and adoption varies across cases and is always a unique composition of these components' variables.

This Section discussed examples of open innovation. Three models of innovation were presented that are based on research and on practice. The developments sketched in these models are in line with the shift from closed to open innovation and from technology push to demand pull driven innovation. Organisations redesign their structure in accordance with flexible market demands, and they enhance their dynamic capabilities to be able to absorb knowledge from their environments, as we discussed in the previous chapters.

One could write a book on social change and social inventions in organisations. Besides open innovation there are several other developments which could be seen as social innovations within organisational life. Namely changes in ways of working, organising and producing. Many of these

examples are linked up with disciplines such as HR, strategy, marketing, IT and so on. We lack space to deal with these extensively, but we would like to mention some of these —debates nonetheless:

- High performance work systems
- Corporate social responsibility and sustainability
- Self-management, self-organisation and organisational citizenship behaviour and distributed and complexity leadership
- Shared value, shared awareness, and high reliability organising.

What these and other debates and developments have in common, is that they are inducing fundamental social changes within organisations, and in so doing are pushing and pulling social innovations and workplace innovations. What do these practices mean for social innovation? Successful innovations are a mix of a limited number of leverage factors. It is not easy to predict which factors that may be. And it becomes even harder when a social innovation augments in complexity, e.g., in the case of a substantial number of differentiating stakeholders, or when open innovation is taking place with external participants that bring in very important (i.e. scarce) resources. Nonetheless, it is possible to more or less manage the process of innovation. Just be prepared that things will not go as you plan, and be resilient to change the course. Thinking of high reliability organising is very helpful in this regard. It helps to keep participants alert for weak signals that things are taking turn unexpectedly, and enable participants to deal with these unexpected turns in a resilient way. In organising and managing innovations it would be wise to learn from professional bureaucracies that in each stage different competencies are more essential than others, which has consequences for dynamics of roles, authority, and decision making power. In designing social innovations one could prepare participants of the fact that their position and contribution will shift during the process. In order to avoid not only disappointment and personal tragedy among participants, but to enhance the success rate of social innovation initiatives, this is a wise and (public) valuable lesson.

## **POLICY AND BUSINESS INNOVATION**

In some of the previous sections, the focus was on how management could stimulate innovations. Democratisation<sup>55</sup> of the innovation process was one of the main trends we could observe. Workplace innovation may be seen as one of the examples of this democratisation of innovation within companies. How does public policy come into this picture? And has this relationship between public policy and the innovation process within companies changed over the years? How can we relate these development to the broader movement of social innovation?

The innovation actions by management described in the previous sections do not happen in a void. Governments and public policy try to influence such decisions. The starting point for our analysis in this section is the traditional instrumentation public policy uses to support the innovation processes within companies. These instruments are subsidies, taxes, science and industrial policy, and by creating a level playing field. These measures are separate from the measures that policy makers themselves may take to create innovations.

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<sup>55</sup> Foss and Klein (2012) would say ‘become more disperse’.

We are not looking at those public service innovations. The use of such instruments depends deeply on the approach public policy thinks it may stimulate innovations. In the last 20 to 30 years, several

social issues seem to return as wicked problems; private companies do not seem to generate solutions to solve these issues. Public policy makers all over the developed world have developed several new approaches to support innovation management in companies to tackle these problems. The question is if public policy should develop other competences and resources to support companies overcome these wicked problems. We can see that in this respect, several approaches have been tried out by public policy. We will discuss the impact of new public management (NPM), the benefits of the triple helix approach to innovation, the regional innovation approach, and, finally, the rise of open innovation as also a new model for public policy to support management innovation. These models (and the thinking around these models) were developed over the past 30 years. The role of public policy shifted gradually from an —outsourcing agent<sup>56</sup>, to an —innovation partner<sup>56</sup>, to a more modest role in the innovation management process. Our main perspective is from the public policy side to the companies<sup>56</sup>.

### **New Public Management (NPM)**

Our starting point is the rise of NPM during the eighties and nineties of the last century. Traditionally, public policy shied away from innovation efforts of companies. The only kind of support was financial support for industrial research institutes or by trying to generate innovation itself (example: NASA). The change with the traditional approach of supporting innovation management, is that with NPM there was a belief that public policy could act best by copying all processes from private companies and inserting itself in the innovation processes of such companies (Osborne & Gaebler, 1992). Public policy could be done with a much smaller number of people: outsourcing, motivational and engagement techniques, entrepreneurial leadership could help a much smaller public administration operate in an effective way. The fact that public policy would be executed much in the same way as the management of large corporations, led to the opinion that public sector policy could help optimise innovation choices made in the private sector (Bourgon, 2011). According to the new public management theory, management is the key factor of the social development and the sustaining economic growth. The new public management theory emphasises on the political property of management, praises the management of liberalisation, advocates market-oriented management, and promotes entrepreneurial leaders (Li & Liu, 2010). New programming techniques, output steering, a major rationalization of goal formation etc. would help management in companies to develop the right investments.

At the same time of the implementation of NPM in a lot of public administrations, the concept of a triple-helix system for innovation management was developed. This concept was put forth in an attempt to better recognise and acknowledge the dynamics of this evolving knowledge-based economy (Leydesdorff & Etzkowitz, 1996). The interests of industry and government should merge with and alter the performance and organisation of university research, challenging the collegial role of research. In connection with this, Leydesdorff and Etzkowitz claim that a new organisational field, broader than the traditional organisational field, has emerged namely the knowledge-based economy, consisting of industry, government and research. This model describes how a new knowledge infrastructure is generated in terms of overlapping institutional spheres, with hybrid organisations emerging at the interfaces (Beesley, 2003).

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<sup>56</sup> We focus on organisations, but we mention that at governance level attention shifted from institutional value to public value . See for example developments such as Public Value Management and Transformative Government.

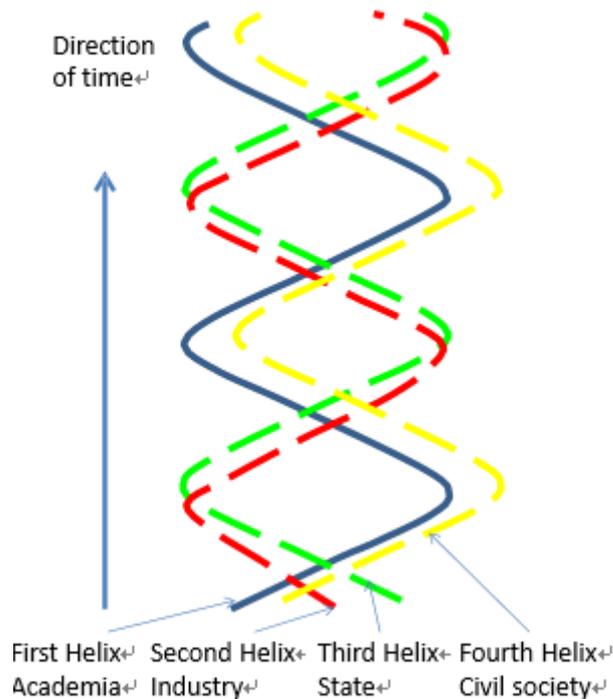


Figure 14: The conceptualisation of the ‘quadruple helix’ innovation system (Carayannis & Campbell, 2011)

The helices in a triple-helix system show the overlay of communications, networks and hybrid organisations between industry, public policy and knowledge partners. A good policy will help to stimulate the further overlaying among the helices. ‘The aggregated relationships within the triple helix spawns interactive offshoots of intentions, strategies and projects that, in turn, create added value by constantly reorganizing and synthesizing the institutional infrastructures in order to achieve at the least, outcomes adjacent to the goals (Etzkowitz/Leydesdorff 2000). (...) These interactive offshoots are further transformed through discussions and negotiations within the triple helix.’ (Beesley, 2003).

This thinking has received quite some support during the 1990s among a lot of countries and regions, each of them hoping that some form of triple helix will help drive productivity and economic growth (Etzkowitz & Leydesdorff, 2000). The common aim amongst them is to achieve an innovative environment consisting of trilateral initiatives for knowledge-based economic development, and strategic alliances among industry, government and academic research groups to generate systemic innovation (Beesley, 2003).

The main result of this effort of developing the triple helix has been a more systemic interaction between macro-institutions like —industry<sup>l</sup>, —knowledge systems<sup>l</sup> and —government<sup>l</sup>. At the level of the separate institutions, a lot has been invested into creating academic entrepreneurship<sup>57</sup> and knowledge transfer systems (Cooke, 2005). Cooke criticises the approach for emphasising the consensus aspects of relations among such distinctive —epistemic communities<sup>l</sup> and a somewhat —cybernetic<sup>l</sup> view of innovation accordingly (ibid.).

The important thing here, is that the company learning and innovation processes depend strongly from the environment they are in. These environments do not necessarily need to be national. A variant of the triple helix approach is the approach of the regional innovation systems (RIS) (Cooke et al., 1997).

'RIS examine how various elements, actors and networks influence regional success in innovation. (...) The RIS is an open system, in

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57 An example is the development of the Technical University in Twente (Netherlands). This university started some 25 years ago with the explicit goal to better use knowledge and develop new industries in this part of the Netherlands with more traditional industries such as textiles. From the university, some 700 companies have spawned. This may seem as a successful venture, but the region is striving for these 700 very small ventures to grow into large business. This is not yet seen as successful (personal communication Prof. Aard Groen, University of Twente (NL)).

constant interaction with its national, super-regional (e.g., EU, NAFTA) and international innovation nodes and networks. Cooke et al. (1997) suggested three key institutional forms—financial capacity, institutional learning, and productive culture—that facilitate systemic innovation at the regional level.' (Chang et al., 2012) Cooke (2005) is somewhat critical of using the concept of RIS and proposes to start with regional knowledge capacity. Local knowledge spillovers can develop themselves into RIS. Public policy makers may want to help develop such local and regional knowledge creation. It depends on what they think they should be supporting. Cooke et al. (1997) list a whole set of factors such as culture of cooperation, institutional change, labour relationships, interface mechanisms in the scientific, technological, productive, and financial fields (Chang et al., 2012). Important is that management innovation and public support should coincide (Gerstlberger, 2004). Regionally identifiable innovation systems arise from competition and collaboration between public and private sectors; and appear to be consisted of producers and users of knowledge, of organisations and firms with clustering tendencies. Clusters as a concept are closely connected to RIS (Asheim & Isaksen, 2002). We will not develop this here any further (Filho, Santos, & Mirra, 2012).

Open innovation is the latest step in this development in this sense that companies, mainly multinational companies, seem to change their mode of work from —Globalisation 1|| built on multilateral trade institutions, to—Globalisation 2|| which is driven by the quest by multinationals for exploitable knowledge in —knowledgeable regions| often quite dependent on public research funding resources. Regional innovation systems articulate these relations geographically (Chesbrough, 2003; Cooke, 2005).

Within this discussion about different positions of public policy towards the innovation process in companies, we can also see the changing position of the EU over the past years. Certainly from the period of the Lisbon Agenda, the EU wants to be more supportive of the innovation processes in general. The European Institute of Technology (EIT) and the Knowledge Innovation Communities (KICs) developed during the Seventh Framework Programme embodied the idea to create regional innovation centres for the whole of Europe. The Innovation Union is broadening up the picture towards all type of factors that may lead to more innovation and economic growth<sup>58</sup>. The EU is however not so much a direct actor in relationship to companies all over Europe. The connection is always through the national governments (for example the networks of Chambers of Commerce that are supported by the European Enterprise Network). In this approach, the attention for social innovation is somewhat special. The link with the previous approaches is however clear. The belief is that next to the triple helix, other types of

helices are possible. Carayannis and Campbell (2010) see room for quintuple helices. Leydesdorf (2011) talks about n-type of helices. This means that the relationship between the helices of industry, knowledge centres, public policy makers and civil society should be possible.

The upscaling of social innovations should follow the connection with the other helices. What do we mean by this statement? Social innovation from a micro perspective is linked with bottom up initiatives of citizens, civil servants and local stakeholders. Upscaling and dissemination seldom occurs, because this demands —imitation<sup>58</sup> and —social contagion<sup>59</sup> on a larger scale. At macro level we observe the take up of social innovation by public bodies like national and European governments. Two challenges come to the fore. First, the connection between micro and macro initiatives to upscale social innovations. Second, the connection between public, private and intermediate partners in the realm of social innovation (the helices) to speed up social innovation and make social change happen.

## CONCLUSION AND DISCUSSION

Innovation in business, management and organisation causes change to society and is caused by change in society. Innovation co-produces society and society co-produces innovation interchangingly and at the same time. Social change however is broader than innovation, since social change does not necessarily involve newness or progress. How does management and business innovation influence social change, social innovation and society? One way of addressing this question is to study social and societal changes and trying to understand how innovation is connected with that. It can only be done in a sketch-like manner in this chapter, where we focus with rough, broad strokes the painting that is being pictured, building on our main results in the previous chapters.

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<sup>58</sup> See for example website DG Enterprise & Industry of the European Commission.

<sup>59</sup> See chapter 2

If we look at how business innovation has changed societies, the following major trends can be identified:

- The oil crises in the seventies of the 20th century were a marking point for the transition of mass production to flexible specialisation; it also meant a restructuring of economic sectors and a shift of types of industries across the globe (Piore & Sabel, 1984);
- A global division of labour and branch activities showed the rise of knowledge economies in the Western economies and the shift of industrial production to newly industrialising countries (Kern & Schumann, 1986);
- Within Western economies there was a significant shift from a decline of jobs in agriculture and industry toward a growth of jobs in services (Gershuny & Miles, 1983);
- The digital revolution enhanced the globalisation and reshaping of economies, the rise of new branches (ICT notably) and occupations, new business models, new functioning modes for financial markets and rapidly growing sources for massive investments (Brynjolfsson & Saunders, 2010);
- The miniaturisation of computer chips unleashed unforeseen potential for new products and services and caused new social movements and human behaviours related to new ICTs and social media, ranging from personal computers, to smart phones, to a whole new generation of virtual and digital platform where people interact; what will nanotechnology further bring us? (Moore's law; Moore, 1965; Meindl, 2003);

- Political shifts and upheavals, ranging from the formation of the European Union as a unified market and a socio-political entity, to the rapidly developing of Asian regions into economic superpowers (notably China) and the growing economic importance of Latin America, besides the shifting political landscape in Russia, the Middle-East and North-Africa, have spurred economic growth on a global scale;
- Innovation itself moved from —closed innovation inside firms to —open innovation between organisations and with the cooperation of a large variety of stakeholders; the life cycle of products has shortened, which resulted in a continuous and growing hunger for investment and venture capital that further speeded up competition and innovation. The openness of innovation has made the innovation process more complex as there are so many stakeholders of different kinds, like co-creating and co-producing investors, innovators, customers, service providers and producers. Openness, however, has not made the innovation process more transparent and may have made innovation processes more impersonal. Stakeholders, for instance, are not necessarily in direct interaction with each other, as is made clear by the case of the dominance of shareholder or investment capitalism over managerial, relationship capitalism (Stacey, 2010; 2012). Despite its interdependency, open innovation as multiplayer game in terms of human bonding is fluid, loose and individualistic. Openness is represented by knowledge flows (—spill overs) across the permeable organisational boundary (Chesbrough & Bogers, 2014).

'Social change means different things to different audiences' (Chiot, 1977, p. X). Generally, a theory of change should include elements such as structural aspects of change (like population shifts), processes and mechanisms of social change, and directions of change (Haferkamp & Smelser, 1991). Social innovation is targeting at a specific type of social change: a positive change for people, especially under-served populations. Although social change is often unplanned, social innovation is intentional, and therefore it is normative (value based), controversial, and political. The normative aspect is captured by the intention to —improve the world, how modest or tiny its scale may be. At least, at a local level, social innovation initiatives are meant to make a difference for local community participants or for civil societies at a larger scale. That is what is driving the social innovators (especially when working with less privileged communities).

Open social innovation is according to Chesbrough and Di Minin (2014) the application to social challenges of either inbound or outbound open innovation strategies, along with innovations in the associated business model of the organisation. Inbound and outbound open innovation strategies refer to knowledge absorption and knowledge sharing. This spill over of knowledge goes via persons, platforms, communities, network, linkages, cooperations and interactions, in short through organising processes and relating people. When Chesbrough and Di Minin (2014) talk about the associated business models, they foresee that not-for-profit organisations have a need for a business model to sustain the provision of their services. These business models may shift their focus as an organisation shifts in how it deploys its inputs and outputs in producing goods or services. Innovation for not-for-profit and public agencies through knowledge spill overs is rich in opportunities, because these agencies are not facing the same kind of competition as the private sector. For this reason organisations can afford to be quite open about sharing successful methods and practices that have proven to be effective. 'As other agencies embrace these methods and perhaps further improve upon them, a community of learning could emerge that could drive the social impact of these changes to new heights' (Chesbrough & Di Minin, 2014).

Innovation in business and management, in its capacity as open innovation, may support social innovation and social change by the open flow of knowledge going in and out groups, organisations and systems. The Internet, social media use, and digital networking by users, innovators and change agents will get much of the job done.

An essential element of innovation, is that it not only brings social change in the form of new products, services, processes, methods and so on, or new combinations of the just mentioned elements with new materials and information, it also results in new combinations of social practices, in the form of new roles, relations, norms and values (Hochgerner, 2012). Here, Hochgerner points to social innovation as a process and underlines human behaviour, human thinking and reshaping human culture. There is of course an interaction with innovation in management, as these innovation domains overlap. The implication is not only new roles, relations, norms and values in the —social domain, but also in workplaces and organisations, between managers and employees. Social change within organisations then, brings to the fore the question how socio-economic systems that underlie an economy and its industrial and employment relations, shape and are shaped by human behaviour, human motives, human power relations and the distribution of wealth, welfare and political influence.

The lessons from innovation in management is that continuous change cannot be fully controlled or directed, but it can be intended (entrepreneurship) facilitated (innovation management). Successful innovating organisations develop routines that they may hardly aware of themselves because they seem to take for granted what they are good at (Jacobs & Snijders, 2008). If we try to map their findings on social innovation and change, we can formulate these concluding observations:

1. link social change goals to a social value business model
2. derive social needs from societal trends and how need fulfilment serves populations
3. understand how people see their future and their future social needs
4. be entrepreneurial in developing social solutions; think out of the box
5. combine small solutions, connect incremental social innovations
6. learn from critical social value indicators
7. get the best and most ambitious people committed and connected
8. create a democratic ambiance conducive to participation and creativity
9. build strong networks and social communities (of practice) among people and institutions
10. don't give up too easily

What we can further learn from the (Western) open economies and its open innovation, is the need to understand how difficult it is to predict market developments, consumer behaviour, and the development of innovations, especially how new combinations and new inventions will evolve and emerge. Once we accept this difficulty of not being able to fully control and predict what is our future (Stacey, 2010; Mowles ,2011), we can intentionally design our work organisations and our societal institutions from the perspective of ambidexterity (Tushman & O'Reilly, 1996, 1997). Organisations must absorb the paradoxical challenge of dualism, that is functioning efficiently today while innovating effectively for tomorrow, by operating in multiple modes of innovation simultaneously (Katz, 2003; Sutherland & Smith, 2011). The same holds for societies in general, implying that social innovation must incorporate and absorb paradoxical demands of today and tomorrow.

Social innovation today is partly driven by persons and organisations chasing ideals and by governance bodies that seek cheaper ways to deliver services. In between citizens and public bodies are social entrepreneurs who want to make a living out of helping others in a socially acceptable way. Social innovation can learn from innovation in management to be careful with scarce resources and to get the maximum out of these; it can learn how to tap on the potential of stakeholders for knowledge and co-creation. Management and business innovation can learn from social innovation how pragmatism can be combined with striving for morally just goods, how optimism drives social change and that pooling human resources can contribute to the makeability of society (Mulgan, 2012). A thought – makeability – abandoned by western societies decades ago (Bell, 1976). Where capitalism can be harsh, impersonal and

cynical in some ways, social innovation opens up beckoning perspectives of a better world with a more moral economy. The truth often lies somewhere in the middle, and from the dialectical tension between economics and social value we may expect seemingly incompatible goals, but we would prefer to be surprised by serendipitous innovations far beyond our imagination.

Key lessons learned for a theoretically sound and comprehensive concept of SI and its relationship to social change

Innovation in management is a —multi-headed monster‖ which makes it both a rich and a slippery concept when applied to social innovation. Outcomes of innovations are hard to manage and predict, if not impossible, but the process can be guided and facilitated. Change related to innovation stresses the need of awareness that every stage or phase demands different skills and competencies, and thus different roles and responsibilities. A critical vigilance on these risks and pitfalls of social innovation as social change could help agents and innovators. Key lessons learned are therefore;

SI as a concept:

- Open (social) innovation (absorption of external knowledge) implies social cooperation, social cohesion, social tolerance
- Market-sense of urgency is a driver in business innovation, but not for social innovation. Absence of market pressure implies a new moral economy (consequences for neoliberalism, venture capitalism?).
- Unavoidability of complexity and unpredictability must be taken into account (you cannot realise it by —simplistic— governance)

Social change:

- Each stage of change/innovation demands other skills/expertise
- Certain innovation routines/disciplines are leverage factors but their combination is always unique to the situation
- 7 out of 10 innovations fail: what failure rate is acceptable with regard to social issues is a matter of further (public) debate; but it makes clear that it demands a certain level of resilience of society and citizens.

Research questions

- Innovation in management and social innovation are driven by different drivers and motivations: under what conditions are these (sometimes contradictory) economic and social drivers reconcilable (into a new moral economy)?
- Innovation stresses deviance, distinctiveness and uniqueness (USPs, innovative capabilities); how can this be aligned with social goals of collectivities and communities?
- Is the dominance of a certain welfare state model (e.g. social innovation is relatively widespread within the Anglo-Saxon model) a necessary condition for social innovation?
- Europe can no longer solve societal problems without social innovation; but social innovation alone is an insufficient condition, because we also still need technological, business and economic innovation. As this is an issue of political values and norms as well: how can (all) these innovation domains mutually benefit from each other (quadruple helix, integrated systemic innovation)?
- How can we upscale (social) innovation with at the same time keeping space for /doing justice to local social innovations and local social change?

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# MANAGED SOCIAL INNOVATION: THE CASE OF GOVERNMENT-SPONSORED VENTURE PHILANTHROPY IN SHANGHAI<sup>1</sup>

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**Abstract:** In recent years, a model of ‘managed social innovation’ seems to be emerging in China where local governments take the lead in generating and implementing new citizen-oriented products, processes, and services; the central government has embraced such local innovative activities as part of its high profile ‘harmonious society’ strategy. The aim is to not only accommodate but also promote and craft civil society initiatives. However, questions remain as to why governments have actively engineered such social innovations and how and to what extent they can be successful in balancing potential conflicts between their own pursuits and those initiated by citizens. In this article, we examine a hybrid form of social innovation combining government engineering and citizen participation as the Chinese government’s most recent strategy to cope with the rise of nonprofit organisations. Empirically, we focus on a case of social innovation, the government-sponsored venture philanthropy program in Shanghai. We argue that managed social innovation may create mixed results. It deviates from a genuine citizen-empowered process due to the imposed regulatory hurdles, and the lack of significant citizen-based inputs. On the other hand, it may still provide space and resources for new social ideas, strategies, and organisations. The Chinese government has demonstrated some success in managing these social innovations but faces dilemmas in managing government-nonprofit relations because of embedded institutional requirements.

**Key words:** Managed social innovation; citizen engagement; government engineering; dual management system; venture philanthropy

Nonprofit organisations have been growing rapidly in China in the new century. In 2009, the number of registered nonprofits reached 430,843, increasing by 181 per cent from 2000.<sup>2</sup> The World Bank (2004) estimated that there were more than a million unofficial and unregistered nonprofits in China. In Shenzhen City and the Pudong New District in Shanghai City, pilot policies have been adopted to partially relax the strict permit system required for registration or to complement it with a more streamlined documentation system (*bei’an zhi*)<sup>3</sup> in order to facilitate speedy development of new social organisations (He 2010). In some advanced metropolitan areas, local governments have also begun to sponsor nonprofit incubators and social innovation nests<sup>4</sup> in recent years to directly promote the establishment and growth of social service non-profits. At the national level, the China Social Innovation Award was founded in 2010 by the Central Compilation and Translation Bureau of the Central Committee of the Chinese Communist Party (CCP) to honour social organisations that succeeded in dealing with social problems in innovative ways. All these initiatives signify growing enthusiasm and official endorsement for citizen-oriented social innovation in China. Dawson and Daniel (2010:16) define social innovation as ‘the process of collective idea generation, selection and implementation by people who participate

collaboratively to meet social challenges.’ Social innovation thus involves the formation of new institutions, new policies, and new forms of social interaction that serve social needs and are primarily developed and diffused through non-government social organisations. Accordingly, social innovation entails a central role for citizens rather than the government, though government may (or may not) play a role.

The rapid growth of nonprofits and pro- nonprofit social innovations in China nevertheless reflects a unique and unequivocally active role of the government. In recent years, local governments have taken the lead in generating and implementing citizen-oriented new social products, processes and services, while the central government has embraced such local innovative activities very prominently. A model of ‘managed social innovation’ seems to be emerging to not only accommodate, but also promote and craft civil society initiatives. Managed social innovations rely upon government leadership, being sponsored, designed, and monitored by the government. Questions remain about why Chinese governments have actively engineered social innovations and how, and to what extent, they can successfully balance potential conflicts between their own objectives and interests and those of the citizens involved.

In this article we examine managed social innovation and how it has developed nonprofits in China. We first investigate how and why a hybrid form of social innovation combining top-down bureaucratic mobilisation and bottom-up citizen participation has come into being as the Chinese government’s most recent strategy to deal with the rise of nonprofits. We then detail a case of social innovation, the government- sponsored venture philanthropy program in Shanghai, to highlight the continuing dilemmas in China’s government-nonprofit relations. This case has been chosen not only because it is a prominent example of an innovative effort to transform social service provision but also because its design and operation enable us to see how the government has engineered the transformation and created a new social service delivery process lying between the state and society. Finally, the case study leads us to draw some conclusions regarding the effectiveness of managed social innovation.

### **Managed Social Innovation: A Compromise in China’s Context**

Civic engagement in public service delivery has been increasingly encouraged and supported by local governments in China to cope with expanding and diversifying service demands through collaboration and shared responsibility (Jing 2008; Jing and Savas 2009). In part this reflects an international trend. By fostering social entrepreneurship, forging capable and active service-delivering nonprofits, and cultivating informed and responsible citizens, civic engagement can create and expand social capital for high-quality governance (Lee and Thynne 2011). Modern governments, whether driven by a commitment to democracy or a pragmatic desire to satisfy ‘customer demands’, have been active in facilitating the growth of nonprofits and working in partnership with them (Korosec and Berman 2006). Boundaries have become increasingly blurred between governments and nonprofits, whose collaboration and partnership have been ‘responsible for the growth of the nonprofit sector’ (Salamon 2002:5).

Yet, while nonprofits may supplement or complement the government’s social programs, government-nonprofit relations may also be adversarial (Young 2000). The unintended consequences of engagement with nonprofits may be social conflicts or political challenges to the dismay of governments, inviting their intervention or a regulatory response. It is not surprising, therefore, to see governments selectively supporting nonprofits and alleviating nonprofit failure in some cases but not in others. Preferential treatments, such as through strategic partnerships, government subsidies and contracts, and access to information, may be given to those nonprofits that voluntarily align themselves with government policies and priorities. As nonprofits are increasingly relying on governments for

funding and other crucial resources, it is becoming more difficult for them to claim autonomy and to deviate from government intentions (Brooks 2000; O'Regan and Oster 2002).

The critical importance of government-nonprofit relations has driven governments to play a direct and significant role in social innovations. Notable international examples include the creation of the White House Office of Social Innovation and Civic Participation in the United States in 2009 and the launch of the *Social Innovation Europe* initiative by the European Commission in 2011. These initiatives share the common goals of nurturing and supporting, rather than supplanting, social entrepreneurship at the grassroots and of building collaborative relations between the government and the third sector. The traditional model in which nonprofits innovate and governments follow is giving way to joint efforts in developing and implementing new ideas, strategies, and organisations. Mulgan (2005, 2006) correctly points out that, as a result of more than a decade of extensive outsourcing of public services, classic contracts have given way to relational contracts, also known as 'partnerships' or 'alliances'. He refers to the importance between the contracting parties and notes the risks if values do not fully align, notwithstanding the increasing use by governments of private contractors under new public management reforms focused on accountability for results (Mulgan 2005, 2006).

Despite its different traditions of governance from Western countries, China has faced a more or less similar situation regarding the government's role in social innovation. For one thing, the government has been increasingly aware of the necessity and urgency to take affirmative government action to facilitate social entrepreneurship and civic engagement. This may be attributed to four basic causes endogenous to China's socioeconomic development, in addition to the external pressure induced by the country's increasing globalisation.

First, nonprofits and social entrepreneurship have achieved considerable political legitimacy as well as social recognition. In 2006 the Sixth Plenum of the 16<sup>th</sup> Congress of the CCP officially sanctioned the mission to 'improve social organisations and strengthen their functions to serve society' as a major element of harmonious society. At the 17<sup>th</sup> CCP Congress in 2007, 'social construction' was adopted as a major governmental task, aiming at engaging new and existing social organisations in the provision of social goods and services under the rubric of collaborative governance. In 2010 the Fifth Plenum of the 17<sup>th</sup> CCP Congress further proposed to improve collaboration between government and society.

Second, a genuine need has emerged for services delivered by nonprofits. For several decades after the onset of reform in 1978, governments at various levels focused on activities to facilitate economic growth and build complex economic service infrastructure, but paid much less attention to the development of social service systems. Government may have had the fiscal capacity to adequately meet rising social demands but certainly not the operational capacity. At the same time, however, most registered nonprofits were not actively involved in service delivery and could not be expected to meet the huge and diverse service demands whether independently or jointly with government.

Third, grassroots nonprofits have demonstrated strong potential for being creative, innovative, and sustainable. Compared with the registered nonprofits, these nonprofits are perhaps more aware of social problems, and are flexible and well connected to markets. As a profession, nonprofits have begun to attract highly educated young people or people with rich business experience. Unleashing the force of these nonprofits may significantly ease the social service burden that the government has long struggled with. Last but not least, the development of this labour-intensive sector can create many job opportunities.

Despite these potential benefits, political and structural factors have seriously fettered social innovation by setting regulatory barriers against social entrepreneurship. The ideological and political distrust of social autonomy and nonprofits has existed since 1949. Social organisations were not allowed

to exist except those few that had been fully integrated into the governing regime as de facto state agencies. Civic engagement was subordinated to political ideology and the CCP-led official organisation. As a result of reform after 1978, governments at various levels began to handle social issues through quasi-government means. Social organisations, with a formal structure independent of the government, emerged as a consequence. However, in most situations these organisations, referred to as the Government- Organised Non-Governmental Organisations (GONGOs), were initiated, financed, and directed by their sponsoring governmental agencies, featuring a model of organisational extension of the state (Brinkerhoff 2002). Such a practice was institutionalised by two State Council bylaws issued in 1998 that stipulated a Dual Management System (DMS) of nonprofit organisations.

Under the DMS, a nonprofit becomes a legitimate social organisation only after getting registered with the Ministry of Civil Affairs or its local branches. To be eligible for registration, a nonprofit must first have a sponsoring governmental agency to serve as its business supervisor. After they pass the registration review and get officially registered, these nonprofits become legal entities and are allowed to have bank accounts. Unregistered nonprofits, on the other hand, face almost insurmountable legal barriers when conducting many activities. Although a registered nonprofit needs to submit an annual report to the local bureau of civil affairs for review, the supervisory agency with which it is affiliated takes political, social and even managerial responsibility for the behaviour of the nonprofit. Such a one-to-one supervisory relationship constitutes a major obstacle to the autonomous development of social organisations. It is rare that ordinary citizens first initiate a nonprofit, then get the support from a relevant supervisory agency, and finally get it registered. Rather, most nonprofits have been established through a government-guided bureaucratic process. As a result, most GONGOs suffer from over-reliance on governments and weak connections to local communities and, consequently, lack bottom-up motivations and resources to improve their service performance. Due to these problems and registration hassles, some grassroots nonprofits have chosen to register as firms with the Bureau of Industry and Commerce or remain informal.

The DMS reflects the essential flaw of a corporatist social regime that fails to be inclusive and flexible. As the existing GONGOs may represent or serve very limited social interests, removing the DMS would create more space for the development of nonprofits, especially amongst these social interest groups that have been ignored or suppressed by the government. To do this, however, a degree of adversarial government-nonprofit relations would almost certainly emerge and need to be tolerated. Even if nonprofits focus on service provision rather than advocacy, they can still deviate from government intentions or compete economically with GONGOs, public service units, or the government's for-profit contractors. It is also likely that service-delivery nonprofits, empowered by citizen engagement, would shift to more advocacy after they get stronger and more confident about their capacity. The DMS, by maintaining a stewardship relationship between supervisory government agencies and affiliated nonprofits, addresses the government's concerns about these currently undesired consequences. The Chinese government, thus, faces a dilemma: while social development requires expanding the role and influence of nonprofits, this may risk conflict between the nonprofits and the government, and may even cause social unrest. There are four strategic choices for the Chinese government when it is confronted with citizen-centred social innovations: suppress, acquiesce, facilitate, or lead. Option one, to suppress them, would involve the government further strengthening the DMS and other social regulations to make citizen-initiated social innovations difficult. However, this may not only constrain social service delivery, but also result in social backlash from supporters of social innovation.

The second option is to stand by and do nothing. This probably requires the government to tolerate the development of some adversarial social organisations and their competition with

government-sponsored ones. To facilitate citizen-centred social innovation is the third option. This could be achieved by relaxing the DMS and other regulations and by offering more resources such as service contracts to make nonprofits partners with the government. However, it is likely that some nonprofits would become overt advocates against the government and even defy government policy decisions. The fourth option is to lead social innovation. This would involve selectively lifting social regulations to promote specific social innovations under the careful scrutiny and supervision of the government. Civic engagement could be encouraged but subsumed under the government's sponsorship. Government-led social innovation, referred to in this article as 'managed social innovation', is different from a pure corporatist strategy as it represents a hybrid process combining bottom-up engagement of citizens with top-down bureaucratic mobilisation. In the process, the government leads social innovations by setting fundamental institutional boundaries as well as offering support and reward for civic engagement.

In reality, all four strategies have been more or less used by the Chinese government. Politically contentious initiatives are not tolerated but are suppressed. The government nevertheless acquiesces in the existence of a large number of unregistered nonprofits as long as they keep a low profile and comply with government policies. In some local jurisdictions, the DMS has been complemented by a documentation system accommodating grassroots nonprofits. The fourth option, managed social innovation, deserves more attention not only because of its novelty but also because it may shed light on the possibility of reconciling government control with civic engagement. The following section illustrates this point through the empirical case of government-sponsored venture philanthropy in Shanghai.

### **The Case and Methods**

In 2009 the Shanghai Municipal Bureau of Civil Affairs (SMBCA) announced the introduction of an annual 'venture philanthropy' program. Encouraged by the 2010 Shanghai World Exposition and the municipal government's *Harmonious Society* initiative, the SMBCA sponsored this program with the purpose of enhancing the capacity of start-up nonprofits and promoting citizen engagement in social service provision. The SMBCA set aside RMB 10 million from its welfare lottery revenue for the first program year and trusted the Nonprofit Incubator (NPI), a nonprofit hub that provides various services for new nonprofits, to administer the program. The NPI was responsible for disseminating program information and receiving service project proposals from nonprofits in and outside Shanghai. Service projects were intended to target the elderly, the poor, the handicapped, and children and youth in Shanghai. Evaluation committees organised by the NPI ranked the proposals based on their merits in terms of correspondence to community demands (30 points), project design (40 points in total; including innovativeness, 20 points; operationality, 10 points; sustainability, 5 points; and replicability, 5 points), and implementation team capacity (30 points). In late 2009, 59 projects proposed by 57 nonprofits, out of a total of 154 applications, were accepted and funded by the SMBCA.

We have reviewed the impact of the program using a number of different analytical methods. With the SMBCA's support, we obtained and analysed the program data from the NPI. We also conducted unstructured interviews with the NPI staff and SMBCA officials. From November 2009 to February 2010, we carried out participant observations and semi-structured interviews with eight nonprofits that were funded by the venture philanthropy program, paying each of them an average of 4.5 visits. In the summer of 2010, we administered a survey of the 57 funded nonprofits by email and received 53 valid responses. The analysis in this article is based on a combination of the findings from these different studies.

The idea of venture philanthropy originated from recent American and European philanthropy practices. As a new model of philanthropy, it was first discussed by Letts, Ryan and Grossman (1997) although the exact term was not used in their article. The model is based upon a transfer of venture capital techniques to the nonprofit sector and the restructuring of old charity methods through market initiatives (Letts, Ryan and Grossman 1997; Moody 2008; Van Slyke and Newman 2006). Venture philanthropists emphasise that their model features high engagement, tailored financing, multi-year support, non-financial support, organisational capacity building, and performance measurement (John 2006). Although pure venture philanthropy only accounts for a very small part of the nonprofit capital market in the United States and Europe,<sup>5</sup> advocates believe that its success lies in ‘its ability to influence the grant-making practices of traditional capital providers and bring in new funders and skills for growing entrepreneurial social purpose organisations’ (John 2006:24).

Venture philanthropy encourages innovative ideas, strategies and organisational forms to cope with various social problems. Its natural inclination is therefore to promote social entrepreneurship and citizen engagement. Social entrepreneurs are defined by Dees (2001:4) as change agents;

- (a) adopting a mission to create and sustain social value;
- (b) recognising and relentlessly pursuing new opportunities to serve that mission;
- (c) engaging in a process of continuous innovation, adaptation, and learning;
- (d) acting boldly without being limited by resources in hand; and
- (e) exhibiting heightened accountability to the constituencies served and for the outcomes created.

Consequently, social entrepreneurship often involves civic engagement strategies to ‘build local capacities to solve problems and mobilise existing assets of marginalised groups to improve their lives’ and to bridge the gap between many diverse constituencies (Alvord, Brown and Letts 2003:144–145).

Different from the Western model, the Shanghai venture philanthropy program is a government initiative. As the most developed area in a vast developing country, Shanghai is buffeted by all the social problems of both developed and developing societies but has limited capacity to provide services for needy groups like the elderly, children of migrant workers, the urban poor, and the physically and/or mentally handicapped. Despite the fact that the number of registered nonprofits in Shanghai had reached 9,748 by 2010,<sup>6</sup> most of them were GONGOs and few delivered social services. Due to a general lack of capable nonprofits and effective methods in dealing with community demands, the government was anxious to find and cultivate qualified service partners through innovative ways.

The idea of venture philanthropy emerged in Shanghai several years ago, with the establishment of the NPI by a social entrepreneur in 2006 as a nonprofit hub to incubate nonprofits. In 2007 the NPI received the first venture philanthropy fund from the Lenovo Group Ltd and worked with 16 nonprofits on its behalf. Meanwhile, the NPI also obtained strong support from the central and local civil affairs bureaus and was awarded many government contracts. When it was consulted by the SMBCA for new social service initiatives, models, and organisations, the NPI suggested using venture philanthropy. Due to its unparalleled strength in this area and its close relationship with the SMBCA, the NPI got sole source procurement from the SMBCA to implement venture philanthropy in Shanghai.

In appearance, the NPI has played an important and active role in designing and administering the program. After it received the project proposals from nonprofits, the NPI conducted due diligence and helped improve the project proposals. Then it organised an online review by a committee composed of scholars, public officials, and informed citizens to make a preliminary selection of the proposals. Roughly half of the proposals entered the second stage and interviews were held between the selected nonprofits and a review panel. About eighty per cent of the proposals passed the interview. Then the NPI

continued to help adjust the project plans, until a contract was signed with those whose proposals were finally accepted. The NPI was also responsible for monitoring project implementation, providing capacity-building assistance, and evaluating project performance.

However, there were some clear weaknesses from the beginning of this program which limited its likely success as an example of venture philanthropy. First, the engagement between the NPI and the funded nonprofits was not as strong as ideally it should have been. Despite the NPI's rich experience, the many and diversified projects overwhelmed its personnel capacity and professional expertise. While the NPI did provide value-added services such as consultation and access to resource networks and potential funders, these services were rarely customised. For example, the training sessions organised by the NPI only provided general knowledge of financial management, personnel administration, and public relations, which may or may not have met the special needs of each nonprofit. Second, the program lacked a long-term commitment to nonprofits' capacity building. It only offered financial support for service projects that would last for a year, instead of multiple-year projects. Moreover, the program tended to distribute an equal amount of funding (about RMB 200,000) to each of the funded projects without considering each one's actual needs. As the funding was provided in the form of non-repayable government subsidies, there was no requirement that recipients make effort to enhance their financial capacity and sustainability. Third, quality control was inadequate and performance assessment still needs to be improved. Due to the difficulty in measuring social service performance and the NPI's lack of resources and relevant experience, quantified performance assessment could only be conducted for inputs and outputs, not outcomes, and was unable to detect problems during the process of service delivery. The NPI only conducted on-site inspections twice for each project, and has largely relied on the self-evaluation reports of the nonprofits.

**Table 1. A classification of the 57 funded nonprofits<sup>11</sup>**

	Registered	Unregistered
GONGOs	25	0
Grassroots	22	10

### **Government Engineering or Citizen-Centred Social Innovation?**

The limitations of Shanghai's venture philanthropy discussed above are due to various reasons. Venture philanthropy in the US and Europe can be seen as a product of advanced market economies and highly developed philanthropic traditions. It requires mature foundations, ample original and investable charity ideas, numerous active nonprofits and enthusiastic social entrepreneurs. Shanghai, despite having the most advanced economy in the country, lacks these conditions. Moreover, a closer look at the limitations identified in the Shanghai case reveals that the government's underlying yet de facto leading role has in fact created some of the main problems.

First, the DMS still has a binding effect. Normally only registered nonprofits are considered as qualified for participating in the venture philanthropy program. Table 1 shows that among the 57 funded nonprofits, 47 were registered. The 10 unregistered nonprofits were required to find a registered nonprofit in the city to supervise their project implementation and manage their funds. Such a requirement tended to exclude unregistered grassroots nonprofits from participation, or to induce them to get registered. This created an internal constraint for the program as registered nonprofits were often GONGOs and were often not inclined to be innovative. Some NPI staff told us that they tried to mobilise almost all the qualified nonprofits in Shanghai, several hundred, to participate in the first-year program.<sup>7</sup> Due to the restricted entrance for the program and a lack of nonprofits considered 'capable'

by the NPI, more than half of the funding in the second-year program went to the winners of the first year.<sup>8</sup> A significant number of these registered nonprofits are existing GONGOs and their projects in general are not citizen-centred social innovations. Engagement in the program has no effective impact on the structure and operation of these organisations. For unregistered nonprofits, however, participation in venture philanthropy may help them build trust and connections with the government. Four of the 10 unregistered nonprofits which participated in the first year program were registered in the summer of 2010.

Second, the involvement of public funding in venture philanthropy imposes inflexibilities on the nonprofits and even causes conflicts. Welfare lottery revenues are government moneys and can only be used to buy services from the nonprofits rather than to support the organisations themselves. Since governments in China seldom consider labour cost when buying services from GONGOs,<sup>9</sup> the same practice has been effectively extended into the venture philanthropy program by limiting the management expenses including personnel cost of each project to 10 per cent of its total funding. Moreover, as service spending is budgeted in an annual cycle and there are rules limiting forward commitments to operational expenditures, the government could only offer support to one-year long service projects. The strict fiscal accountability also creates tensions between the SMBCA, the Shanghai Municipal Bureau of Finance (SMBF), and Shanghai Audit Office (SAO). The SMBF asked for a program budget but the venture philanthropy program was unable to provide it because it could not get the required information from service projects in advance. The SAO has been concerned about the appropriate use of lottery revenues and is eager to perform auditing of those funds, but found it difficult to get timely assistance and cooperation from the SMBCA. Due to the various restrictions on using public funds, it is common to see delays in transferring funds to the funded projects.

Despite the above constraints that caused some tension between government engineering and citizen-centred social innovation, the government-led venture philanthropy has directly or indirectly provided many useful resources to support GONGOs and facilitate grassroots nonprofits, and promoted good government-nonprofit relations. Some new space for civic engagement, limited as it may have been, has been created. This is reflected in the program's acceptance of and support for a series of creative social service projects that has, in one way or another, embraced new models of citizen engagement and community building. Table 2 shows the detail of the eight such projects that we intensely observed and interviewed.

These eight projects are all managed by young grassroots nonprofits most of which had been established for less than two years at the time when the venture philanthropy program was conducted.<sup>10</sup> In fact some nonprofits were established just for the purpose of participating in the program. In a sense, the venture philanthropy program has facilitated citizen engagement and promoted voluntarism, professionalism, and social learning in new and mixed ways by engaging diversified and committed actors.

Another important dimension of citizen engagement can be seen in the program as well; that is its support of social entrepreneurship. The nonprofit leaders were in general quite young, in their 20s or 30s. Participation in the venture philanthropy program offered them not only money, reputation, and government support, but also novel experience with citizen-centred social innovation. Our interviewees told us that the program had improved their capability of designing and managing projects, working alone or with a team, communicating and working with governments, and engaging with local communities. The program has also imposed pressures on them to formalise their organisational structures with clearer responsibilities and accountability relationships, which serve as foundations for becoming mature nonprofits. Since nonprofit leadership is critical for the development of grassroots organisations and

requires strong capability to cope with major internal and external risks, the venture philanthropy program provides a genuine opportunity for nonprofits to have a trial-and-error learning process in a tolerant environment. In fact, quite a few nonprofit leaders achieved high and positive visibility as social entrepreneurs by participating in the venture philanthropy program and significantly strengthened their personal networks for future development.

## **Conclusions**

In this article we have tried to build an analytical framework to understand managed social innovation in China by focusing on two potentially conflicting policy goals and the government's strategic choice to balance them. We find that a rigid social regulatory regime cannot serve the interests of either the government or the general public. The government should therefore relax its social control and welcome social innovation and enhance its governance capacity through civic engagement. Political challenges may well arise in this process however particularly where the existing corporatist regime has limited

representation or influence amongst the social innovators. Spontaneous social innovations may also compete with the government's regular functions and routines.

These factors have prompted some local governments such as Shanghai to take a pro-active role, leading social innovations. Under this approach, social innovation, which by definition should be citizen-driven, has become a more top-down, managed process. This managed social innovation features the coexistence of government engineering and civic engagement. This coexistence, however, creates its own tensions.

Is managed social innovation effective in inducing civic initiatives and social entrepreneurship? Our findings, based on the case study of the venture philanthropy program in Shanghai, provide mixed answers. As a program initiated and funded by the government, the venture philanthropy in Shanghai has significantly re-vamped the western-originated venture philanthropy concept that integrates the market operation and social capital. A number of other factors, such as the required compliance with the DMS and public finance rules, problems of inter-agency coordination, and the lack of relevant managerial experience and capacity, have impeded the flexibility and capacity of the program in activating civic engagement. Nonetheless, the venture philanthropy program in Shanghai has probably been the most effective way of mobilising social innovations in China to date and may remain so in the short term. The program originated from concerns to meet citizens' social needs and reflected the government's support for an increased role by nonprofits. By providing both space and resources for new social organisations while engineering the rules and channels of social innovations, the government has demonstrated its skills at compromising and crafting when dealing with social demands.

The future success of social innovations in China hinges largely on two necessary conditions. First, the innovations must be sustainable to produce replicable models of civic engagement, strengthen social entrepreneurship, and build capable nonprofits that meet the needs (and increasing demands) of citizens. In other words, they must be premised on and oriented towards citizens. Second, the government's social regulation system should be further relaxed to encourage innovation. More political as well as operational space for nonprofits may be created by, for example, further loosening the DMS requirement. It is also helpful to expand government procurement of services from a wider range of nonprofits. Only by taking these steps can the government ensure the real value of social innovation. The current practice of managed social innovation as shown in Shanghai's venture philanthropy is small in size and does not yet meet these two conditions. Whether it will lead to any breakthrough in the making of citizen-centred social service delivery in China remains to be seen.

## Endnotes

1. The authors thank Professor Andrew Podger for his comments on an earlier version of this article. Ting Gong gratefully acknowledges the research support of the Research Grants Council of the Hong Kong Special Administrative Region (City U 143210 & RES-000-22-4407) and the College of Liberal Arts and Social Sciences of the City University of Hong Kong (#9610200). Yijia Jing gratefully acknowledges the support by Program for New Century Excellent Talents in University (2010) from the Ministry of Education of People's Republic of China.
2. The data are from the website of the Ministry of Civil Affairs of the People's Republic of China, retrieved 31 May 2011: <http://mjj.mca.gov.cn/>
3. The documentation system allows those nonprofits that are not yet eligible for registration with the Ministry of Civil Affairs to file their records with the local government. Upon filing their records, these organisations achieve a legitimate though largely informal organisational status and can operate legally.

4. Shanghai established its first social innovation nest (*shehui chuangxin fuhuayuan*) in 2010 as a platform to encourage government- nonprofit collaboration, incubate nonprofits, and cultivate innovative programs and models of social service delivery.
5. According to the 2001 survey by Venture Philanthropy Partners (2002), there were only 42 pure venture philanthropy organisations among more than 50,000 charitable foundations in the U.S and they were mainly clustered in California and New York. It was estimated that in 2001 they received grants of just over USD50 million out of the total US\$27.6 billion for all the charitable foundations.
6. The data are from the website of Shanghai Administration Bureau of NGOs, retrieved 22 May 2011: <http://www.shstj.gov.cn/>
7. Interviews on 30 October 2009 and 23 May 2011.
8. Interview on 23 May 2011.
9. Employees of GONGOs often received regular salaries from the government.
10. On average, the 32 grassroots nonprofits were four years old in 2009, three years younger than the 25 GONGOs.
11. Registered nonprofits are not necessarily GONGOs, although most of them are. We measured all the 57 organisations according to the nature of their sponsors, the background of their leaders, and their funding sources. That information was further complemented by the self-reported status as a GONGO or a grassroots in the questionnaire survey. Finally we identified 32 grassroots nonprofits and 25 GONGOs. This essentially meant that 22 registered nonprofits were grassroots. This is not surprising for two reasons. First, Shanghai, especially its Pudong New District, had already slightly relaxed its social regulation by allowing a few grassroots to get registered if they focused on service delivery and abided by the law, such as some of those nonprofits incubated by the NPI; second, a large portion of these registered grassroots were attracted to the venture philanthropy program, which had intended to provide support for both grassroots nonprofits and GONGOs.

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# **A METHODOLOGICAL EXPLORATION OF SOCIAL QUALITY RESEARCH: A COMPARATIVE EVALUATION OF THE QUALITY OF LIFE AND SOCIAL QUALITY APPROACHES**

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**Abstract:** This article discusses two basic theories of social measurement in development studies – the quality of life (QOL) and social quality (SQ) theories. The QOL theory has a long tradition in the study of individuals' living standards, whereas SQ theory helps us understand the traits of social circumstances. Based on survey data collected from six Asian societies, a number of QOL and SQ factors are examined in this study to show how these two approaches are both distinctive and complementary. The study suggests consideration and comparison of these measures relating to factual indicators and subjective indicators in order to reveal the features of different societies.

## **Keywords**

Asian societies; life quality; social indicators; social quality; sociological methodology; sociological theory

## **Introduction and the research setting**

For a long time, social scientists have made great efforts to represent social circumstances in a scientific manner by using reliable data structured with coherent underlying logic. In order to achieve this goal, social scientists have attempted to fit a range of social phenomena into a unified analytical framework to meet their research needs. Employing social indicators is a way to achieve these aims, which can be used as an effective instrument in both theoretical and empirical studies (Land et al., 2007). As we have observed, various indicator systems help to improve our understanding of present social conditions, such as the Index of Social Progress (Estes, 1984), the Index of Well-being (Kacapyr, 1996), and the Human Development Index (see UNPD, 1995), etc. These indicator systems are underpinned by theories which not only influence the design and adoption of the indicators, but also enable studies measuring indicators to go beyond the level of description, thereby allowing us to interpret the meaning of the observed phenomena.

Among the various social theories using indicators to measure social realities, the quality of life (QOL) theory and the social quality (SQ) theory are the most prominent ones. The QOL theory, loosely defined as an approach underpinning quality of life studies, has supported the growth of theories of human security, development studies, and social services. For instance, in a QOL study of the elderly, Lawton (1983) used the Multilevel Assessment Instrument composed of over 100 indicators to test physical health, time use, social relations, and perceived environment. In reality, the growth of QOL research contributes to the development of both comparative and indicator studies.

The SQ theory is a relatively new approach in comparison with the QOL theory, only having been established in 1997 (see Beck et al., 2001). This theory offers a conceptual framework to understand the quality of society through the analysis of three sets of factors: the constitutional, the conditional, and the

normative factors. The analysis of conditional factors takes place through the application of SQ indicators. This indicator system, including 95 indicators in 18 domains with 49 sub-domains (see Maesen and Walker, 2001), reflects the factual conditions of the four dimensions of social quality analysis: namely socioeconomic security, social cohesion, social inclusion, and social empowerment (see Figure A1 in the Appendix). In the 2000s, scholars working on these issues demonstrated that the application of the SQ indicators is very helpful for measuring social quality (Maesen and Walker, 2001; Maesen et al., 2002). In recent years, the use of this theory has expanded rapidly from Europe to Asia (and also to Australia) (see Lin et al., 2009).

For making comparisons between these two theories, we should be aware of the different emphases of using indicators in these theories serving their particular purposes and theoretical underpinnings. One of the basic differences between these two approaches is their standpoints. The QOL theory is individual-oriented. Veenhoven (1996) stated that most indices in the QOL paradigm intend to explore how well individuals live in society, while others stress that the QOL approach refers to an individual's total well-being, including all of the emotional, social, and physical aspects of the individual's life (Economist Intelligence Unit, 2005). Conversely, SQ scholars (e.g., Phillips, 2011) have highlighted the features of SQ theory that identify it as society-oriented, in contrast to the QOL focus on individuals. These points raise the need for more critical debates and analyses. We need to explore the very nature and the particular features of these two theories, both for their advantages and disadvantages, so as to draw out policy implications.

In this study, the differences between these two theories will be distinguished and compared in terms of methodology by keeping in mind the following questions: What are the methodological features of these two theories? Are these two theories contradictory or complementary in terms of their application to studies concerning social circumstances or realities? If they are contradictory, it will be necessary to explain how they are so, what implications this has for analysis, and under what conditions, and how effectively these two approaches can be used to describe and interpret people's daily circumstances. To answer these questions, the research presented in this article compares the theoretical and methodological applications of the QOL and SQ theories. The empirical research is based on data collected from a set of SQSQ ('social quality survey questionnaire') surveys. The main purpose is not only to display the features of the societies examined in the surveys but, more importantly, to demonstrate the methods of data analysis of these two approaches.

In order to develop this kind of analysis, some observations are needed to enable this comparison. First, we should look at the relationship between objective indicators and subjective indicators. Objective indicators, including GDP per capita, the number of beds for elderly care, the number of schools, etc., can provide some fundamental grounds for defining and measuring life quality and social quality. They can provide quantitative data, although these indicators are obviously insufficient in providing a comprehensive appreciation of quality of life or quality of society without support from the subjective indicators (Noll, 2002a). Subjective indicators refer to ideas such as happiness and life satisfaction, which are, in Costanza et al.'s (2008) view, very subjective and personal; but these indicators can reflect people's experience of well-being.

Second, there are debates over how to use subjective indicators. We can classify the subjective indicators into two types: the purely subjective indicator and the factual evaluations of the living conditions of individuals and society. The first set of indicators describe individual perceptions and satisfactions that relate to individuals' experiences such as the feeling of joy, pleasure, contentment, and life satisfaction (Shackman et al., 2005). The second set of indicators describes respondents' comments based on situational factors. The aggregation of these indicators allows us to comprehend the QOL

condition in an ‘objective’ sense and therefore, to increase the objectivity of our description of people’s well-being. From the standpoint that the survey data (as the accumulation of individuals’ opinions) may reflect social realities objectively (at least to some extent), we regard this type of evaluation as being more objective than satisfaction indicators. Therefore, through these data, we can approach both the objective and subjective well-being of people’s lives.

The third issue about social indicators involves the argument that there is no reason for us to believe that aggregated objective indicators actually reflect the quality of people’s lives (see Schneider, 1976). Thus, the use of survey data can offer more direct evidence for the individual’s QOL situation. These data might disclose not only the conditions of people’s material living conditions, but also their subjective feelings and life satisfaction. For instance, the International Social Survey Program, the European Community Household Panel Study, the European Social Survey, etc. (Vogel, 1997) provide us with solid empirical grounds to develop studies on social circumstances. In this regard, the survey data can work better than some objective indicators to measure the QOL and SQ conditions in society, at least in terms of self-reporting.

Accordingly, this study establishes the empirical basis of its analysis on a series of surveys undertaken by the members of the Asian Consortium for Social Quality in Japan, South Korea, mainland China, Taiwan, Hong Kong, and Thailand. The institutions involved in this survey program include Chiba University, Seoul National University, Zhejiang University, National Taiwan University, City University of Hong Kong, and Thailand’s King Prajadhipok’s Institute. Flinders University in Australia also undertook a similar survey. However, since Australia is not in Asia, the survey data analyzed in this study from the six Asian countries exclude the data from Australia. The purpose of this survey is to make cross-societal comparisons of social quality conditions, with a particular emphasis on the dimensions of social inclusion and social cohesion. The surveys using the same questionnaire (‘social quality survey questionnaire’, SQSQ) were under-taken from 2009 to 2011 with over 6460 sample cases provided for comparison.

In these surveys (the features of the surveyed groups are presented in Table A1 in the Appendix), the data sets collected from mainland China, Taiwan, and Hong Kong are at the city level (Hangzhou, Taipei, and Hong Kong, respectively), while those collected in Japan, South Korea, and Thailand are at the national level. Accordingly, the data cannot be claimed as the reflection of national SQ conditions, but rather of the respondents of these societies. This is also due to the limited number of samples in each of the societies surveyed, as well as the methods of conducting surveys varying in different places according to the local needs (for the database, see Lin et al., 2012). This feature may influence the comparability of the collected data; however, since the purpose of this study is to demonstrate the methodological features of these two approaches, we will not concentrate on the ranking of these compared societies but identify the distinctive features of the two approaches.

## **An analysis of survey data from the QOL and SQ approaches**

### **The QOL approach**

In order to design this study from the QOL approach, first of all, we must define the domains of indicators to be used. QOL studies usually employ a large number of social indicators to study people’s lives, and thus, the list of indicators tends to be endless. Consequently, the difficulty when selecting appropriate indicators to serve research needs is a serious issue. In previous studies, the QOL factors were referred to as physical and psychological health, financial (and economic) and social well-being, as well as social relations. For instance, Kane (2003) evaluated QOL conditions by using indicators of

income, health status, mental health status, disease profiles, educational level, and housing situation to measure the overall quality of life, whereas Gregory et al. (2009) regarded wealth, employment, environment, health, education, recreation and leisure time, and social belonging as the key indicators reflecting the standard of quality of life.

In this study, the indicators from key areas were selected to reflect QOL situations of the examined societies. They corresponded to the common usage, with restricted coverage that excluded the psychological dimension of QOL indicators. Thus, this study included indicators referring to income, health, education, and environment as in many QOL studies (see Hilhorst and Klatter, 1985), but it also used health and interpersonal relations as the key areas for examination. The respondents' answers describing their living situations were analyzed and the survey questions were divided into two categories: the factual evaluation and satisfaction indicators (see Table 1).

**Table 1.** QOL survey questions.

<b>A. Income situation and satisfaction</b>	
1. Situation in family spending (over the last year)	1. Borrowed, 2. Spent savings, 3. Just got by, 4. Saved money, 5. No answer
2. Family income situation compared with other families	1. Far below average, 2. Below average, 3. Average, 4. Above average, 5. Far above average, 6. Not sure
3. Family income level (on 1–10 scale)	1 = Lowest income group 10 = Highest income group
<u>Situational score</u>	
4. Satisfaction with the standard of living (on 1–10 scale)	1 = Very dissatisfied 10 = Very satisfied
<b>B. Work situation and satisfaction</b>	
1. Likelihood of job loss (next six months)	1. Very likely, 2. Likely, 3. Neutral, 4. Unlikely, 5. Very Unlikely, 6. Unknown
2. Too tired to do housework because of work (frequency over the last year)	1. Several times per week, 2. Once per month, 3. Once per year, 4. Rarely, 5. Never, 6. Not sure
3. No time to fulfill family responsibilities due to work (frequency over the last year)	1. Several times per week, 2. Once per month, 3. Once per year, 4. Rarely, 5. Never, 6. Not sure
<u>Situational score</u>	
4. Present job satisfaction (on 1–10 scale)	1 = Very dissatisfied 10 = Very satisfied
<b>C. Health care situation and satisfaction</b>	
1. Family medical expense burden	1. Very heavy, 2. Heavy, 3. Acceptable, 4. Not heavy, 5. No answer
2. Factors causing difficulty to see doctor: a) distance, b) getting appointment, c) long wait at hospital, d) cost	1. Very difficult, 2. Difficult, 3. Not difficult, 4. Unknown
<u>Situational score</u>	
3. Health care satisfaction (on 1–10 scale)	1 = Very dissatisfied 10 = Very satisfied
<b>D. Education situation and satisfaction</b>	
1. Educational level	1. No formal education, 2. Primary school, 3. Completed primary school, 4. Technical/ vocational schools, 5. Completed high school, 6. Preparatory level, 7. University education, 8. University graduate, 9. Graduate school, 10. Graduate school graduate, 11. No answer
2. Educational expense burden	1. Very heavy, 2. Heavy, 3. Acceptable, 4. Not heavy, 5. Not sure
<u>Situational score</u>	
3. Education satisfaction (on 1–10 scale)	1 = Very dissatisfied 10 = Very satisfied

(Continued)

<b>Table 1. (Continued)</b>	
<b>E. Environment situation and satisfaction</b>	
1. Neighborhood problems: a) pollution (noise, air, water, streets), b) lack of park and/or place to rest, c) safety and crime	1. Very serious, 2. Serious, 3. Not serious, 4. No problem, 5. Unknown
<b>Situational score</b>	
2. Living conditions satisfaction (on 1–10 scale)	1 = Very dissatisfied 10 = Very satisfied
<b>F. Social relations situation and satisfaction</b>	
1. Closeness of neighbor relations	1. Very distant, 2. Distant, 3. Close, 4. Very close, 5. Unknown
2. Freedom to express views (on 1–10 scale)	1 = Very oppressed 10 = Very free
<b>Situational score</b>	
3. Life satisfaction: a) in family life, b) in social life	1 = Very dissatisfied 10 = Very satisfied
<b>G. The total score</b>	
1. Total situational score	
2. Total satisfaction score	

In the calculation of the scores for the original answers to the questions included in Table 1, a scale of 0–1 was used, with the highest score (in 0–1 score) indicating the highest QOL. All of the response categories were standardized to a normed 0–1 scale providing us with an overall score (the details of these values and the assumed score are presented in Table A2 in the Appendix). Taking the five possible responses to a question as an example, we scored the first choice as ‘0’ and the last choice as ‘1’ (excluding the answers such as ‘no answer,’ ‘not sure’ or ‘unknown’ with no score assigned) to obtain the scores plotted in Figures 1 and 2. While doing so, we assumed equal intervals for all items and used an equal weight strategy for constructing composite measures, as it can minimize extreme disagreements among all possible weighting schemes (see Land et al., 2011).

The results after calculating the scores of the survey data are presented in Figures 1 and 2: one using the factual evaluation data (with the situational scores) and the other using the life satisfaction data. These graphs indicate that each item varies across the different societies, and no one factor can be considered dominant in determining overall QOL scores. Nevertheless, some common traits can still be observed across these societies. For instance, in all six aspects of QOL, the situational scores related to environment and employment are generally high, whereas scores related to social relations and education are relatively low (excepting mainland China and Taiwan; see Figure 1). This illustrates aspects of people’s lives where there are some more (or less) serious problems which need to be improved (or to be satisfied).

Interestingly, the situation reflected through the satisfaction indicators is quite different from the situation in the factual evaluation indicators (Figure 2). The scores of the satisfaction indicators across the six societies are closer than that of the evaluation indicators. From the details of the six items of satisfaction examined, it can be seen that respondents are most satisfied with social relation and health care but less satisfied with education and employment (see Figure 2). Since people’s comments are influenced by their general outlook on their lives, the difference between the scores in Figures 1 and 2 demonstrates that the indicators relating to people’s satisfaction do not necessarily express the true condition of QOL. Thus, only the combination of these two sets of indicators can effectively describe what is happening

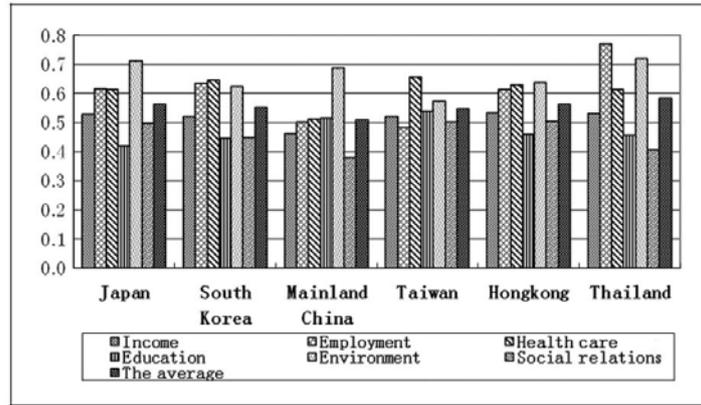


Figure 1. QOL situational scores.

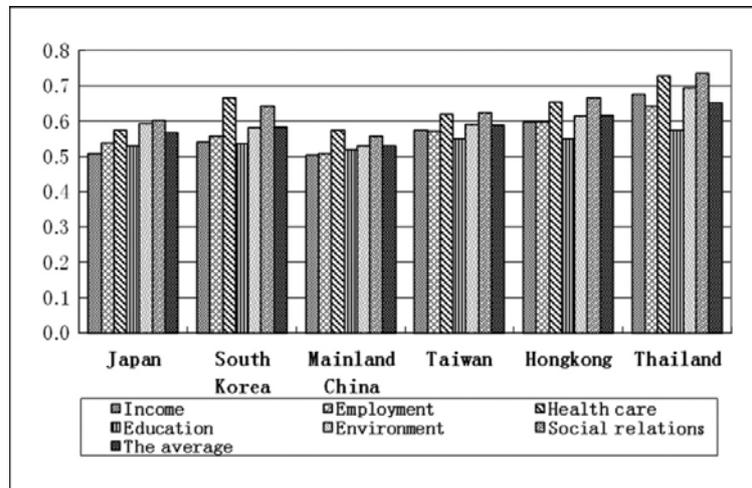


Figure 2. QOL satisfaction scores.

### The SQ approach

The social quality (SQ) theory presents a conceptual framework of analysis for society with an emphasis on social relations and social systems. Taking this approach, the study should be linked to analyses of the four dimensions of conditional factors: namely socioeconomic security, social cohesion, social inclusion, and social empowerment (see Beck et al., 2001). In the SQSQ surveys, we asked respondents about their income levels and spending with regard to socioeconomic security, and evaluated the conditions of social cohesion in society with the questions concerning respondents' sense of social trust (at both the interpersonal and institutional levels). We enquired about respondents' views on social distance between the poor and the rich and between employees and employers to evaluate social inclusion, and to measure respondents' sense of belonging to their local communities and nation. With regard to social empowerment, we asked about their participation in groups, systems, and national elections of congress representatives.

The questions used in the SQSQ surveys are presented in Table 2. The scores for the answers from the surveys were calculated in the same way as in the QOL data analysis. Figure 3 reflects the social quality conditions in these societies on the basis of the survey scores. The axes on the graph reflect the calculated SQ scores valued between 0 and 1 to represent their strength in each dimension. The original

calculation data can be found in Table A3 in the Appendix. From this table, we can see that Thailand has a relatively high overall score for social quality despite the country's relatively low level of economic development. Meanwhile, the Korean figures show a particularly low score with regard to social inclusion, whereas Taiwan shows relatively balanced scores across all four dimensions.

Through the comparison of our survey data, it can be concluded that Thailand and Taiwan have relatively higher SQ scores, with Japan, Hong Kong, and mainland China scoring roughly in the middle, and Korea having the lowest (see Table A3 in the Appendix). Nevertheless, we should acknowledge the limits of this score calculation method for international ranking, since the suitability of the questions may be debatable with regard to their level of objectivity and how efficient the indicators are in reflecting social relations. Nevertheless, as the purpose of this study is not to engage in the business of ranking, it can still be used to illustrate the relationship among the factors in the four domains of observation for these societies.

To describe the SQ scores of these societies, a few general observations and conclusions can be made here. The contribution of socioeconomic factors to the general SQ score is very similar in the different cases (see Figure 3), as the standard deviation for socioeconomic security is as low as 0.042, in comparison to the corresponding figure for social inclusion which is as high as 0.106 (see Table 3). This situation means the cross-societal variation is mainly due to the differences in social inclusion. Also, the SQ scores in social cohesion are generally high but social empowerment is quite low (see Table A3 in the Appendix). These conclusions imply that the factors involved in social inclusion and social empowerment, rather than socioeconomic factors, bring down the average SQ scores of the societies surveyed here.

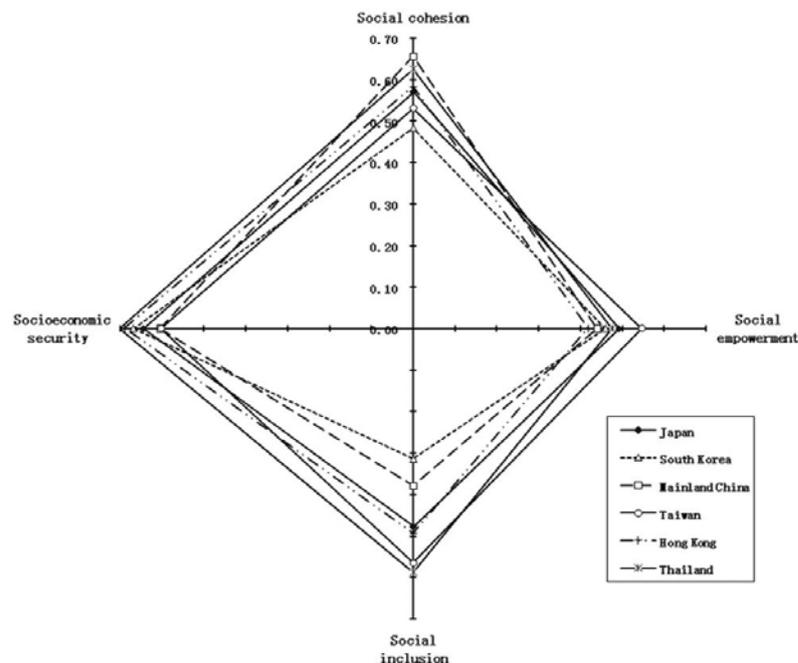
<b>A. Socioeconomic security</b>	
1. Situation in family spending (over the last year)	1. Borrowed, 2. Spent savings, 3. Just got by, 4. Saved money, 5. No answer
2. Family income levels (on 1–10 scale)	1 = Lowest income group 10 = Highest income group
3. Likelihood of job loss (next six months)	1. Very likely, 2. Likely, 3. Neutral, 4. Unlikely, 5. Very Unlikely, 6. Unknown
4. Family medical expense burden	1. Very heavy, 2. Heavy, 3. Acceptable, 4. Not heavy, 5. No answer
Subtotal score	
<b>B. Social cohesion</b>	
1. Are most people trustworthy?	1. Not sure, 2. Somewhat, 3. Yes
2. Interpersonal trust on: a) family members, b) neighbors, c) personal acquaintances, d) strangers, e) people of different religions, f) foreigners, g) your doctor, h) political leaders	1. No trust, 2. Little trust, 3. Some trust, 4. Complete trust, 5. Unknown
3. Institutional trust on: a) religious organizations, b) the army, c) newspapers, d) TV, e) labor unions, f) police, g) judiciary, h) political parties, i) parliament, j) NGOs, k) major companies, l) banks	1. No trust, 2. Little trust, 3. Some trust, 4. Complete trust, 5. Unknown
4. Pride in country	1. Not proud, 2. Not very proud, 3. Quite proud, 4. Very proud, 5. Unknown
Subtotal score	
<b>C. Social inclusion</b>	
1. Social tension between: a) the poor and the rich, b) managers and workers, c) men and women, e) old and young people, f) different racial and ethnic groups, e) different religious groups	1. Very serious, 2. Serious, 3. Not serious, 4. No problem, 5. Unknown
2. Experienced discrimination over last year due to: a) social status, b) physical handicap or appearance, c) age and/or bad health, d) gender (sexual harassment), e) nationality, religion, or region of origin, f) educational level, g) criminal record, h) other reasons	1. Yes, 2. No, 3. Unknown
Subtotal score	
<b>D. Social empowerment</b>	
1. Political participation in: a) signing a petition, b) joining in boycotts, c) joining demonstrations, d) joining strikes, e) online political action	1. Would never do, 2. Might in future, 3. Yes, 4. Unknown
2. Is participation in political events dangerous?	1. Yes, 2. No, 3. Unknown
3. Freedom to express views (on 1–10)	1 = Very oppressed 10 = Very free
4. Membership in organizations: a) religious organizations, b) sport or recreational organization, c) art, music, or cultural organization, d) labor union, e) political party, f) occupational association, g) NGOs, h) school alumni, i) kinship and familial organizations, j) other groups	1. Not a member, 2. Inactive member, 3. Active member, 4. No answer
5. Did you vote in the last general election?	1. No, 2. Yes, 3. Unknown
Subtotal score	
<b>E. Total SQ score</b>	

However, as this study concerns the methodological issues, we do not focus on what makes these societies different, but rather on how to demonstrate these differences with methods of comparison, as well as the functions and implications of such methods used. The QOL and SQ theories can reveal the features of the data from their particular perspective, and through these different methods, these approaches can become instruments for social studies. In the SQ analysis, for instance, material well-being, one of the central themes in QOL studies, is not identified as the predominant criterion for the SQ of people's lives, but factors like social inclusion and social empowerment play significant role

**Table 3.** The deviation of the data in each dimension of SQ analysis.

Items	<i>N</i>	Minimum	Maximum	Mean	SD
Socioeconomic security	6	0	1	0.653	0.042
Social cohesion	6	0	1	0.575	0.062

Social inclusion	6	0	1	0.470	0.106
Social empowerment	6	0	1	0.471	0.045
The average	6	0	1	0.542	0.039



**Figure 3.** The SQ situation for the six Asian societies.

### **A methodological comparison of the QOL and SQ approaches**

Based on the above observations on the methodological features of the QOL and SQ approaches, we can make further comparison between these two theories. With regard to the standpoints of these two theories, the QOL approach employs indicators measuring the standards of individual livelihoods with an individual-focused orientation. This orientation is further strengthened by its development along the psychological and subjective dimensions, since indicators focusing on subjective well-being emphasize the emotional and cognitive aspect of personal realities (Diener et al., 1999). In this study, we demonstrate the nature of the individual-based QOL analysis through questions on six aspects: income, employment, health, education, environment, and social relations. By using SQSQ survey data for this analysis, we illustrate how the large diversity in these data among these six societies reflects people’s general living conditions; and for any single society, the indicators on situational valuation and satisfaction give yet different profiles of life quality.

Accordingly, the potential of using the QOL approach to describe the overall conditions of society should be questioned. Some scholars (Baars, 2005; Gasper, 2011; Phillips, 2011) criticize the QOL paradigm as failing to articulate ‘social quality.’ In their view, the QOL approach takes the perspective of isolated individuals as the ultimate reality, whereas the SQ approach is oriented toward the collective nature of human relations. As Maesen and Walker (2011) argue, social quality is not just the accumulation of the life quality of individuals, and in the view of Beck et al. (2001), the SQ approach

aims to construct the dialectic between the self-realization of individuals and the formation of collective identities.

To be sure, the QOL approach may also refer to some elements of the social environment, and thus, factors such as politics and human relations can be referred to in QOL studies. For example, Gregory et al. (2009) argue that the QOL theory evaluates the general well-being of individuals and societies in reference to a wide range of contextual factors (international development, health care, politics, etc.), and Veenhoven (1996) also suggests that the QOL analysis involves a number of factors such as social security, political freedom, and gender equality. Thus, to conclude that the comparison between these two theories is just 'individual vs. society' would be too simple. However, we should note that those social factors are located on the margins of QOL analysis. With its focus on the social system as a whole, the SQ analysis instead has the advantage of reflecting the relational aspect of social origination (Lin, 2011). Thus, the SQ analysis leads our attention to the contextual analysis of the social system beyond the indicator studies of life quality.

Meanwhile, scholars may argue, as elaborated by McEwin (1995), that the QOL approach could function not just to measure individuals' living standards but also as a measure of trends of social change. Nevertheless, once QOL theory uses social indicators as the indicators of social change, we can observe that these changes are mostly seen in a linear model of increasing development. Indeed, many QOL indicators were used to compare the levels of development (in particular economic development) among different countries, and such comparison has a strong correlation with GDP per capita. For this reason, McGillivray (2007) regarded the QOL approach as something that could offer little more than a study of economic indicators. Thus, such analysis would have difficulty reaching the contextual, structural, and institutional reasons of social change.

The SQ approach instead presents the magnitude of four dimensions of conditional factors in order to reveal the challenges and the potential changes within society. As illustrated by this study, the method of SQ analysis can display the strength of factors in the four dimensions, and permits researchers to acknowledge the problems of social structure and interrelationships from its particular angle. Though the SQ analysis has a degree of overlap with QOL indicators in the aspect of socioeconomic security, in other dimensions, it helps understand the social circumstances beyond the sphere of people's living conditions. In this sense, the SQ theory has certain policy implications in detecting institutional flaws and making corresponding policies, as well as in detecting the orientation and strategy of development.

To evaluate their different ideological implications, the QOL approach is underlined by notions such as modernization, life quality and incrementalism. Indeed, in the history of development, modernization theory has supported the QOL approach with the assumption that the higher the level of economic growth, the better people's lives will be (Veenhoven, 1996). The SQ theory also supports the development process but moves the focus on individual lives to social conditions. This theory advocates an ideology of social harmony and promotes overall well-being of all social groups through improved system integration (Lin et al., 2009). Adhering to these ideas, some policy proposals can be raised such as developing institutions that are widely accessible to people so as to ensure social inclusion and, normatively, lay a solid foundation for social cohesion and solidarity.

Despite the aforementioned differences, we should still emphasize that these two theories can be complementary. Both the QOL and SQ approaches can be instruments to support social development toward a 'good life.' Through social indicator studies, the QOL approach can facilitate the mapping of an all-round picture of the conditions of people's lives for a 'good life'; however, how to define the meaning of this 'good life' needs social interpretation. As Cobb (2000: 6) stated, 'in order to measure quality of life, one must have a theory of what makes up a good life.' The SQ theory that pursues an active and

coherent society could help to perceive the nature and social conditions of 'good life.' In this sense, these two theories can be complementary, although they might present different images of future development to the public.

The function of SQ and QOL theories can be complementary also with respect to policy practices. The QOL studies can disclose problems of housing, income, and employment, and this can encourage governments to promote social (policy) action to cope with these demands in society. The QOL indicators can also help policymakers to evaluate how well they are doing compared with, for example, their development goals or the quality of life in other countries, or to evaluate whether quality of life has improved over time. The SQ theory, however, goes beyond the policy analysis to promote solidarity and institutional integration; but its analysis can help us to undertake the most crucial tasks of policy action by unearthing the key issues for making improvements.

## **Conclusion and discussion**

This study illustrates the features of the QOL and SQ approaches, and reveals the distinctiveness, traits, functions, purposes, and orientations of the two methodologies. In the term of their functions, for example, the QOL approach adopts a view of linear development, while SQ theory is helpful in conducting a functional-structural analysis. To illustrate these features, this study uses the same set of data but reveals different emphases by applying these two approaches. Through these comparisons, this study explores the methodological characteristics of these theories. It concludes that both of these approaches are useful methods of social analysis and instruments to achieve the goal of a 'good life.'

This study also used three sets of indicators to reflect the survey data, i.e., indicators of fact evaluation, satisfaction, and social quality. It shows that the scores of satisfaction are not very consistent with people's factual evaluation. As evidenced, the situational score is in general lower than the satisfaction score (see Table A2, excluding the Japanese case due to missing data on neighborhood relations). This result implies that people's well-being cannot simply be reflected in their living conditions but is also influenced by their personal feelings. As Diener and Suh (1997: 213) maintain, 'we can comprehend quality of life fully only if we understand the interplay between social indicators in a society, and the subjective reactions of the citizens of that society.'

With this understanding, we can underscore an emphasis on the development of subjective well-being for QOL studies (Land et al., 2007). Thus, quality of life is not only the extent of development in the material world or measured by the economic life, but is also concerned with people's feelings and how they judge their living conditions. In this study, we find that the rich countries do not show a better score on the QOL indicators than the developing countries (such as Thailand and mainland China) in terms of situational valuation and satisfaction. For instance in Thailand, the level of economic development is relatively low, but its level of satisfaction in the QOL score is generally high.

Nevertheless, the factors determining the QOL conditions will also have certain social causes. As Erickson (1993: 77) noted, the problem with an approach based on people's self-assessment about satisfaction is 'that it is partly determined by the level of aspiration'. However, we may need also to take the reasons of social contexts into consideration. Thus, we need to explore the social reasons for individuals' daily circumstances and their satisfaction. By comparing the scores of the QOL and SQ with the survey data, this study indicates that average SQ scores are generally lower than average QOL scores in the societies examined here (see Tables A2 and A3). This observation is further supported by the SQ subtotal scores in the four dimensions: the mean score of socioeconomic security (in relation to material

life) in all these societies is the highest (0.653), but the lowest score (0.470) is to be found in social inclusion (see Table 3).

With regard to policy orientation, the QOL and SQ approaches can both be utilized to reveal social problems. In the past, the QOL theory made great contributions to the development process with its perception that the higher the GDP per capita and the literacy rate, the higher the quality of life. This perception now seems questionable since, as claimed by some researchers (e.g., Shackman et al., 2005), material life does not automatically equate to higher life satisfaction. In this study, we get a clear impression through data analysis that a higher incomes does not necessarily lead to a more satisfying life. Rather, to develop measures of inclusive social policies for strengthening social cohesion (as promoted by the SQ theory) is the key issue to resolve social problems and achieve further development.

In all, this study discloses the particular features of the QOL and SQ theories in analysis of social realities and also shows their relations to be both distinctive and complementary. The comparative analysis from the SQ approach may explore some questions that are beyond the capacity of QOL theory, and can lead to different policy implications. The SQ studies might help QOL researchers to explain how to improve people's well-being through the enhancement of social conditions, and such policy proposals may receive great attention not only within academic debates but also within policy circles. Thus, despite the fact that the ideology of a balanced and harmonious society, which is a traditional concern in Europe (Noll, 2002b), has existed for a long time, the SQ theory supports the ideology of social cohesion, and in its special way, gives these issues a new answer. Against this background, we can evaluate the meaning of SQ analysis in the methodological sense, and identify its significant function in our struggle to achieve a 'good life' and a 'good society.'

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## Appendix

**Table A1.** The conditions of the surveys and the surveyed samplings.

Surveyed societies	Japan	South Korea	Thailand	Taiwan: Taipei	Hong Kong	Mainland China: Hangzhou
Institutions of surveys	Chiba Univ.	ISDPR, Seoul National Univ.	King Prajadhipok's Institute	SPRC, National Taiwan Univ.	City Univ. of HK	Zhejiang Univ.
Fieldwork dates	Dec. 2009	Sept. 2009	Oct.–Nov. 2009	Oct.–Nov. 2009	Oct. 2009–Oct. 2010	Dec. 2010–Mar. 2011
Fieldwork institution	Nippon Research Center, Ltd	Gallup Korea Ltd	KPI Team and Thai Statistical Office	Taiwan Gallup Co.	Applied Social Studies, City Univ. of HK	Dept of Social Security, Zhejiang Univ.
Population	20 years old and over	19 years old and over	18 years old and over	20 years old and over	18 years old and over	18 years old and over
Geographic coverage	National	National	National	The city level	The city level	The city level
Number of respondents	1000	1006	1200	1200	681	1373
Gender:						
Male	48.3%	49.6%	49.9%	49.8%	38.2%	46.8%
Female	51.7%	50.4%	50.1%	50.2%	61.8%	53.2%
Age < 20	0.0%	1.3%	7.5%	0.0%	8.8%	0.2%
20–29	13.9%	19.0%	22.4%	22.7%	35.0%	19.01%
30–39	17.9%	22.2%	25.8%	22.3%	12.0%	25.3%
40–49	15.6%	23.0%	21.2%	14.7%	20.9%	23.1%
50–59	16.6%	15.9%	13.0%	30.1%	19.9%	16.6%
60 =<	36.0%	18.6%	10.1%	10.2%	3.4%	15.7%

Source: Adopted from Lin et al. (2012).

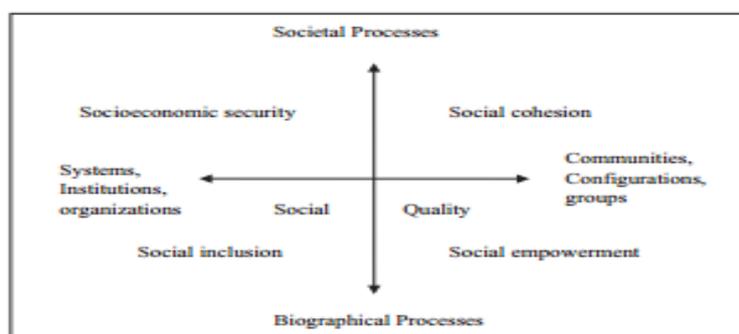
**Table A2.** QOL survey data from the six societies.

Questions	Japan	South Korea	Mainland China	Taiwan	Hong Kong	Thailand
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<b>A. Income</b>							
1. Family spending	0.6513	0.6553	0.7185	0.7080	0.7103	0.6214	
2. Relative income	0.4194	0.4355	0.3092	0.4279	0.4443	0.4893	
3. Income levels	0.5147	0.4674	0.3603	0.4251	0.4492	0.4834	
Situational total	0.5285	0.5194	0.4627	0.5203	0.5346	0.5314	
4. Satisfaction	0.5056	0.5400	0.5025	0.5727	0.5967	0.6742	
<b>B. Work</b>							
1. Employment	0.6715	0.7428	0.5731	0.4052	0.6935	0.8338	
2. Housework	/	0.5753	0.4382	0.4710	0.5323	0.6584	
3. Family responsibilities	0.5601	0.5849	0.4922	0.5755	0.6130	0.8198	
Situational total	0.6158	0.6343	0.5012	0.4839	0.6129	0.7707	
4. Satisfaction	0.5374	0.5554	0.5062	0.5701	0.5965	0.6420	
<b>C. Health care</b>							
1. Burden	0.7452	0.8119	0.8227	0.8760	0.9075	0.8742	
2. a. Distance	0.6283	0.6267	0.5575	0.6291	0.6141	0.5676	
b. Difficulties	0.6342	0.5980	0.4812	0.6115	0.5381	0.5300	
c. Waiting time	0.4933	0.6089	0.3971	0.5458	0.5250	0.5013	
d. Cost	0.5624	0.5776	0.3068	0.6216	0.5622	0.5991	
Situational Total	0.6127	0.6447	0.5131	0.6568	0.6294	0.6144	
3. Satisfaction	0.5738	0.6659	0.5738	0.6175	0.6533	0.7274	
<b>D. Education</b>							
1. Educational level	0.5168	0.6141	0.5468	0.6683	0.5633	0.4285	
2. Burden	0.3192	0.2760	0.4814	0.4079	0.3557	0.4856	
Situational total	0.4180	0.4451	0.5141	0.5381	0.4595	0.4571	
3. Satisfaction.	0.5288	0.5345	0.5182	0.5498	0.5500	0.5725	
<b>E. Environment</b>							
1. a. Pollution	0.7169	0.6156	0.6448	0.5484	0.6238	0.7039	
b. Leisure areas	0.7135	0.6072	0.7126	0.6040	0.6271	0.7609	
c. Crime	0.7038	0.6525	0.7044	0.5709	0.6617	0.6990	
Situational total	0.7114	0.6251	0.6873	0.5744	0.6375	0.7213	
2. Satisfaction	0.5920	0.5792	0.5288	0.5887	0.6133	0.6938	
<b>F. Social relations</b>							
1. Cohesion	/	0.3327	0.2427	0.3945	0.4363	0.1818	
2. Freedom	0.4959	0.5663	0.5172	0.6083	0.5737	0.6294	
Situational total	0.4959	0.4495	0.3800	0.5014	0.5050	0.4056	
3. Satisfaction	a. In family life	0.5616	0.6207	0.5593	0.6033	0.6504	0.7225
	b. In social life	0.6409	0.663	0.5545	0.6414	0.6820	0.7428
	c. Total score	0.6013	0.6419	0.5569	0.6224	0.6662	0.7327
<b>G. Total QOL scores</b>							
Situational	0.5637	0.5531	0.5097	0.5458	0.5632	0.5834	
Satisfaction	0.5565	0.5862	0.5311	0.5869	0.6127	0.6738	

**Table A3.** SQ survey data from the six societies.

Questions	Japan	South Korea	Mainland China	Taiwan	Hong Kong	Thailand
<b>A. Socioeconomic security</b>						
A1. Family spending	0.6513	0.6553	0.7185	0.7080	0.7103	0.6214
A2. Income levels	0.5147	0.4674	0.3092	0.4251	0.4492	0.4834
A3. Employment	0.6715	0.7428	0.5731	0.4052	0.6935	0.8338
A4. Medical expense	0.7452	0.8119	0.8227	0.8760	0.9075	0.8742
Subtotal score	0.6457	0.6694	0.6059	0.6036	0.6901	0.7032
<b>B. Social cohesion</b>						
B1. General trust	0.4444	0.2686	0.5719	0.4406	0.4784	0.2526
B2. Interpersonal trust	0.5646	0.5448	0.5300	0.5789	0.6176	0.6023
B3. Institutional trust	0.5455	0.4555	0.7400	0.5046	0.5978	0.6703
B4. Pride in country	0.7272	0.6631	0.7800	0.5981	0.6375	0.9752
Subtotal score	0.5704	0.4830	0.6555	0.5305	0.5828	0.6251
<b>C. Social inclusion</b>						
C1. Group tension						
a. The poor and the rich	0.3183	0.1763	0.0845	0.4386	0.3373	0.5078
b. Managers and workers	0.3733	0.1726	0.1592	0.5235	0.4162	0.5235
c. Racial and ethnic groups	0.4313	0.3249	0.4713	0.6123	0.5385	0.6730
d. Religious groups	0.4779	0.3059	0.5007	0.6511	0.5808	0.6510
C2. Discrimination	0.7870	0.5944	0.6799	0.5983	0.5977	0.5817
Subtotal score	0.4776	0.3148	0.3791	0.5648	0.4941	0.5874
<b>D. Social empowerment</b>						
D1. Political participation	/	0.1700	0.1100	0.1400	0.1900	0.0600
D2. Fear/danger	/	0.7300	0.7400	0.7500	0.7400	0.7600
D3. Freedom	0.4959	0.5663	0.5172	0.6083	0.5737	0.6294
D4. Social participation	0.1300	0.1500	0.2500	0.4600	0.1300	0.0400
D5. Voting	0.8490	0.6789	0.5800	0.7699	0.4517	0.8883
Subtotal score	0.4916	0.4590	0.4394	0.5456	0.4171	0.4755
<b>E. Total SQ score</b>						
	0.5463	0.4816	0.5200	0.5611	0.5460	0.5978



**Figure A1.** The analytical framework of the social quality theory.  
Source: Beck et al. (2001: 352).

Source: *International Sociology*, 2013, 28(28):316-334.

# COMPLEX PROBLEMS REQUIRE COMPLEX SOLUTIONS: THE UTILITY OF SOCIAL QUALITY THEORY FOR ADDRESSING THE SOCIAL DETERMINANTS OF HEALTH

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**Abstract:** Background: In order to improve the health of the most vulnerable groups in society, the WHO Commission on Social Determinants of Health (CSDH) called for multi-sectoral action, which requires research and policy on the multiple and inter-linking factors shaping health outcomes. Most conceptual tools available to researchers tend to focus on singular and specific social determinants of health (SDH) (e.g. social capital, empowerment, social inclusion). However, a new and innovative conceptual framework, known as social quality theory, facilitates a more complex and complete understanding of the SDH, with its focus on four domains: social cohesion, social inclusion, social empowerment and socioeconomic security, all within the same conceptual framework. This paper provides both an overview of social quality theory in addition to findings from a national survey of social quality in Australia, as a means of demonstrating the operationalisation of the theory.

Methods: Data were collected using a national random postal survey of 1044 respondents in September, 2009. Multivariate logistic regression analysis was conducted.

Results: Statistical analysis revealed that people on lower incomes (less than \$45000) experience worse social quality across all of the four domains: lower socio-economic security, lower levels of membership of organisations (lower social cohesion), higher levels of discrimination and less political action (lower social inclusion) and lower social empowerment. The findings were mixed in terms of age, with people over 65 years experiencing lower socio-economic security, but having higher levels of social cohesion, experiencing lower levels of discrimination (higher social inclusion) and engaging in more political action (higher social empowerment). In terms of gender, women had higher social cohesion than men, although also experienced more discrimination (lower social inclusion).

Conclusions: Applying social quality theory allows researchers and policy makers to measure and respond to the multiple sources of oppression and advantage experienced by certain population groups, and to monitor the effectiveness of interventions over time.

## **Background**

Both trans-nationally [1-3] and within particular countries [4], it is widely recognised that public health policy and practice needs to focus on addressing the Social Determinants of Health (SDH) in order to increase the health of the most vulnerable and disadvantaged groups. By focussing on developing relevant and appropriate policy and practice responses for such groups, it is hoped that we can redress the current inequities in health out-comes between the most and least advantaged groups within society. The Commission on the Social Determinants of Health (CSDH) recognised the multiple forms of oppression and disadvantage experienced by the poorest members of society [1]. Building on seminal multinational

agreements such as the Ottawa Charter [5], the Alma Ata Declaration [6] and the Bangkok Declaration [7], the CSDH called for a ‘joined up’, multisectoral approach to addressing the problem.

We concur with the need to focus on both the multiple forms of disadvantage and thus the complex and holistic policy responses required, although we argue that many conceptual frameworks currently used in public health research do not lend themselves easily to being useful for these purposes. For example, there are large amounts of research which provide evidence that certain population groups are more socially excluded [8], have lower levels of social capital [9], have poorer access to financial resources, health promoting or curative services [10] and that some groups are disempowered [11]. All of these factors have been shown to be SDH, in that higher levels of social inclusion, social capital, access to finance and services and empowerment are all ‘good for your health’; however, taken on their own, these studies are useful only in so far as they paint part of the picture as to both the problems and solutions for increasing the health of such groups. What they do not do is provide both a conceptual and methodological framework for linking these various concepts for the same population groups, which would then highlight the potentially multiple ‘problems’ that certain population groups encounter, or the particular ‘problems’ that other groups encounter. Research studies may highlight the need to implement policy to increase the social capital for particular groups, or to facilitate more socially inclusive policies or systems, but rarely can such studies (due to their conceptual limitations) provide evidence for policies and systems which attend to the multiplicity of needs highlighted by the CSDH.

This paper attempts to redress this problem. Firstly we introduce a theoretical and conceptual framework developed in social policy in Europe, known as social quality theory [12-16], which aims to overcome the ‘silo’ problem mentioned above and provides a holistic approach to understanding social problems and potentials for social change. Secondly, we go on to describe a study of social quality in Australia, and in so doing, highlight the utility of such an approach for researchers and policy makers in public health interested in both understanding and responding to the SDH for the most vulnerable groups in society.

### **Background to social quality theory**

The notion of social quality is gaining international recognition as an innovative theoretical and methodological tool for researchers and policy makers in social policy [12,14-22]. However, scant attention has been given to the utility of social quality theory to public health research and policy, which requires remedy given its obvious links to the SDH. “the extent to which people are able to participate in the social, economic life and development of their communities under conditions which enhance their wellbeing and individual potential“ [22]. Social quality theory was initially developed by the European Network Indicators of Social Quality (ENISQ). The ENISQ undertook substantial research in order to develop the conceptual and methodological tools to measure social quality, including a detailed process of development, construction and validity of the indicators and domains [23]. The indicators (or metrics) of social quality were specifically developed so that governments and researchers could assess social quality within and between societies or Nation States, using only routinely available data sources [24]. Whilst this has tremendous benefits in terms of not needing to design and implement primary research, it also relies on existing datasets, which are often collected for administrative purposes and are often relatively old. Therefore, we used the indicators to develop a new social quality questionnaire to measure social quality in Australia. In this way, we have advanced the methodological and practical aspects of social quality theory by providing researchers and policy makers with a readily available instrument to

measure social quality in their jurisdictions. Until now, there had been no studies, either within or outside Europe, which had undertaken primary data collection on social quality.

Social quality theory was originally developed as a response to the hegemony of individualised quality of life measures [13], and indeed the relative demise of notions of the ‘social’ within the social sciences during the move to post modernity [25]. Walker (2009: 214) argues that contemporary Western societies are preoccupied with measuring and increasing our well-being, quality of life, happiness and so on as individuals, rather than as individuals in groups, communities and other social relations. The development of social quality theory is an attempt to redress this imbalance, by refocusing on ‘the social’, which does not sit in contradistinction to ‘the individual’, but rather, akin to the ideas of Bhaskar [26], Archer [27] and Giddens [28,29], are part and parcel of the same phenomena.

Social quality theory does not dismiss the individual quality of life approach, since it is useful for clinical situations and individualised solutions. However, the point is that it provides relatively little use for developing population-level social or public health policy. The individual quality of life approach can tell us a great deal about how to improve individual circumstances (e.g. functional well-being, psychological needs, cognitive impairments etc.) but it cannot elucidate either the reasons why some population groups fare worse than others in society, or more importantly, how we may be able to respond in terms of policy and practice [12]. In addition, individual perspectives on quality of life tend to avoid consideration of the involvement of political and normative factors [12].

Social quality theory has both ideological and methodological underpinnings. In terms of its underlying ideology, social quality theory argues that there are four key normative factors that determine the quality of the social structures, policies and relationships within a society: social justice; solidarity; equal value of all humans; and human dignity [30]. A society can be judged according to these normative factors, both in a global sense (i.e. how good is the social quality of a particular society) but also in terms of the specific normative factors (i.e. which factors require policy response in a particular society). However, on their own, these normative factors are not easily operationalised and do not have a methodological framework. Therefore, within social quality theory, there are a set of conditional factors which are aimed at rendering the normative factors ‘researchable’. The four conditional factors are socioeconomic security (linked to social justice), social cohesion (linked to solidarity), social inclusion (linked to equal value) and social empowerment (linked to human dignity).

Socioeconomic security is concerned with the extent to which people or groups have access to, utilisation of, and successful outcomes related to, a variety of resources over time, and the protection from poverty and other forms of material deprivation. These resources may be associated with, among other things, finance, housing, healthcare, employment and education, which have been shown to be important in shaping inequities in health and health care [1,31]. Social cohesion relates to the extent to which people and groups share social norms and values (and is broader than the popular notion of social capital), and to issues of solidarity and trust, which are again, particularly important in terms of public health [32]. Social inclusion (or at least, the minimisation of social exclusion) is the extent to which people and groups have access to and are integrated into the different institutions and social relations of ‘everyday life’ and the extent to which people and groups ‘feel part of’ or included in society at an everyday level. Social empowerment is the extent to which the personal capabilities of individual people are enhanced by social relations. This domain focuses on the enabling factors which empower people to act as social agents [33,34] and fully and meaningfully participate in society [35,36].

As can be seen in this brief overview, the multi-dimensional and multi-level approach represents an advancement of public health research, theory, policy and practice, which is not solely aimed at either individuals or systems, but instead realises the intimate linkages between systems and individuals and

thus provides an understanding of both within the same theoretical frame-work. The long-term aim of developing and implementing social quality theory is to enhance the social quality of peoples' lives (especially vulnerable groups), but as already stated, we firstly need to have empirical data on the domains of social quality (and the groups who have lower social quality) before we can inform changes in policy and/or practice.

## Methods

It has been suggested that research in social epidemiology and public health in general is strongly focused on empirical research and remains atheoretical [37]. Richter (2010: 457) suggests "it is very obvious that the status quo in research on social determinants of health needs a change to a stronger accentuation of explanatory approaches." Therefore, operationalising and applying social quality theory provides a theoretical platform from which we can investigate specific areas for policy and practice intervention.

The original indicators of social quality, developed by the ENISQ, were developed into a questionnaire, which was tested for both validity and reliability [20], including collaboration and agreement with the originators of the social quality indicators [38]. The questionnaire had 50 questions, divided into the four conditional factors: 4 questions related to socioeconomic security, 11 questions related to social inclusion, 5 questions related to social cohesion, 19 questions related to social empowerment, and 11 demographic questions (the full questionnaire is available on-line - see Additional File 1).

A postal questionnaire survey of a random sample of households was undertaken for each Australian state. It was necessary to divide the national population by state [39] because this study was a national sample and some states contain more residents than others. Therefore, more surveys were sent out to states with higher population numbers (New South Wales 1650, Northern Territory 45, Queensland 971, South Australia 389, Tasmania 120, Victoria 1253, Western Australia 490, Australian Capital Territory 82). The sampling frame was the electronic white pages, which contains postal addresses for all house-holds with a telephone listed. Therefore, a small proportion of households who either do not have a telephone or have "silent" numbers were excluded. However, this possible limitation is outweighed by the fact that the electronic white pages is one of the only representative sources from which a national random sample of postal addresses can be generated.

A copy of the questionnaire, a letter of information, a letter of introduction, and a stamped return envelope was sent to each mail-out address September 2009. A postcard reminder was only sent out to those who had not returned the questionnaire after two weeks.

The hypothesised response rate was around 20% (based on the experience of the research team of conducting similar surveys in Australia), and in order to obtain a final sample size of 1000, it was estimated that an initial sample of 5000 addresses was required. Out of the 5000 surveys that were sent out, 638 were returned due to invalid addresses and 1044 were returned completed surveys. The actual response rate of 24% (1044/ 4362) was regarded as acceptable for this type of survey because of the decline in participation in survey research. Between 1986 and 1995, survey response rates in Australia remained consistent at around 50% [40]. However in the past decade, survey response rates have been declining as people become more active in protecting their privacy [41, 42]. In addition, the growth of telemarketing may have disillusioned the community and diminished the success of legitimate survey-based social science research. In the absence of a higher response rate, we have documented our efforts to increase the response rate [40]. As noted earlier, reminders postcards were sent to

nonresponders to ensure as high a response rate as possible [43]. Nevertheless, the potential for survey non-response bias is acknowledged.

After data entry had been completed, an extra two variables were created from the postcode of the respondent. Both variables are derived from the national census. The first variable is called the Socio-Economic Indicator For Areas (or SEIFA) and provides a score for the level of socioeconomic deprivation or affluence of the area. The second variable is called Accessibility and Remoteness Indicator for Areas (or ARIA) which provides a score for the distance of the postcode from major service centres. Both of these variables were thought to be potentially important when analysing differences in social quality.

Initially, descriptive analyses were undertaken in order to explore overall levels of social quality. We then performed bivariate logistic regression analyses in order to explore simple associations between a range of socio-demographic variables and the indicators of social quality. For the regression models, four questions identified by the ENISQ in 2004 [38] as indicators of the four domains of social quality were used as dependent variables (i.e. one variable per domain of social quality). The complete questionnaire contained many indicators of social quality that have all been shown to be valid proxies for their relevant social quality domain [20]. All of these variables were found to have statistical significance with the listed demographic variables. For example, questions such as ‘Please indicate whether you or your family have experienced any of the following negative life events in the last 12 months?’, ‘How much do you trust various groups of people?’ were found to be associated with demographic variables; however, for the purpose of this paper we have limited our results to one variable per domain. The independent variables chosen to investigate associations between social quality and demographic variables were age, sex, SEIFA IRSD (Socioeconomic Index for Areas Index of Relative Socioeconomic Disadvantage), ARIA (Accessibility/Remoteness Index of Australia), employment status and income.

Bivariate analyses were conducted using Chi Squares (Cramer’s V and Phi) as well as T-tests, one-way ANOVAs, Mann-Whitney U, and Kruskal-Wallis H. Each test produced a table which was subsequently analysed for statistically significant associations. Any bivariate odds ratios with  $P < 0.25$  were then included in multivariate logistic regression analyses [44]. The tables presented in our result section include only the results of bivariate analyses found to have a p value of  $<0.25$ . All models were checked for collinearity and goodness of fit [44]. During the bivariate analysis, some of the data were found to have expected cell counts less than five. As a result, many of the categories within the independent variables were collapsed in order to help the data meet the assumption. This was done by recoding the variables using SPSS. Data that could not be collapsed to help meet the assumption have not been included in the results section.

This study was given ethical clearance by the Social and Behavioural Research Ethics Committee at Flinders University. The following section provides statistical description and analysis of the data. One survey question is presented to investigate each of the four domains of social quality. The sample questions used to investigate each of the four domains were chosen because each question has been identified as a valid and reliable indicator of one of the four domains by the ENISQ in 2004 [38].

## **Results**

This section of the paper provides statistical description and analysis of the data, focussing specifically on the four conditional factors within the social quality theory, namely socioeconomic security, social cohesion, social inclusion and social empowerment. One multivariate regression model is presented for each of the four domains as a means of introducing the practical application of social

quality theory. Each of the four models includes one social quality variable (social inclusion, social cohesion etc.) as the dependent variable with the socio-demographic variables (sex, age, income etc.) as independent variables.

### Socio-economic security

There were a number of variables that related to socioeconomic security within the dataset, but for the purpose of this paper, we have just used one variable. The question used to measure socioeconomic security in the survey is outlined below:

During the past year, did you

1. Save money
2. Just get by
3. Spent some savings
4. Spent savings and borrowed money

In terms of saving or spending money, Table 1 shows a multivariate analysis of the data. Overall, over two thirds of the sample managed to save money or ‘just get by’, with only one third having to spend savings and/or borrow money. The variable was recoded into two categories, those that just get by or better (68.7%) and those that spent savings or spent and borrow money (31.3%). Univariate odds ratios examined the relationship between those who spent savings or spent and borrowed money and demographic characteristics (age, sex, marital status, work status, income, SEIFA and ARIA), and those with  $P < 0.25$  were entered into a multivariate analysis (Table 1). As can be seen, the only variable left in the model was ‘employment status’, with retired people being twice as likely than people working to have spent money rather than saved. This highlights the reduced socioeconomic security of retired people compared to those working.

### Social Cohesion

The variable chosen to examine social cohesion was:

1. For each of the following organisations, please indicate your membership status
2. Church or religious organisation
3. Sport or recreational organisation
4. Art, music, educational, or cultural organisation
5. Other community based organisation

In terms of membership of organisations, 26% were members of church organisations, 41% were members of sporting organisations, 22% were members of art/cultural organisations and 36% were members of community based organisations.

The variable was then recoded into two categories, those who were a member of at least one organisation (71.0%) and those who were not a member (29.0%). Univariate odds ratios examined the relationship between those who were a member and demographic characteristics (age, sex, marital status, work status, income, SEIFA IRSD and ARIA), and the multivariate analysis is presented in Table 2.

Table 1 Multivariate odds ratios of demographic factors associated with those who spent money (Socio-economic Security)

	OR		p value
Employment status			
Work full time or self employed	1.00		

Work part time	1.19	(0.78-1.80)	0.426
Work without pay, unemployed, student, disability, other	1.58	(0.98-2.55)	0.063
Retired	2.19	(1.58-3.03)	< 0.001
Household duties	1.39	(0.73-2.67)	0.321

Table 2 shows people aged over 75 being 5 times more likely to be members of organisations than people aged 18-34 years. Additionally, as income decreases, respondent's level of membership with organisations also decreases. People earning up to \$45000 are less than half as likely as those earning over \$105000 to be members of organisations. Also, people who work part-time are more likely to be members of organisations than people who work full-time.

### Social Inclusion

Social inclusion deals with an individual's accessibility to institutions and the degree of social integration that the individual attains to [45]. The variable chosen to examine social cohesion was:

During the past 12 months, have you ever experienced discrimination against you due to any of the following reasons?

1. Physical/mental disability
2. Age
3. Sexual harassment
4. Gender
5. Nationality
6. Physical appearance

Table 2 Multivariate odds ratios of demographic factors associated with membership of organisation(s) (Social Cohesion)

	OR		p value
Age			
18-34 years	1.00		
35-44 years	2.00	(1.11-3.62)	0.022
45-54 years	1.60	(0.94-2.72)	0.086
55-64 years	3.08	(1.72-5.53)	<0.001
65-74 years	4.90	(2.32-10.37)	<0.001
75 years and over	5.18	(2.09-12.82)	<0.001
Income (financial year)			
\$105000-\$150000+	1.00		
\$45000-\$104999	0.59	(0.39-0.88)	0.011
-\$44999	0.40	(0.25-0.64)	<0.001
Employment status			
Work full time or self employed	1.00		
Work part time	1.84	(1.14-2.97)	0.013
Work without pay, unemployed, student,	1.74	(0.96-3.17)	0.069

disability, other			
Retired	1.49	(0.82-2.71)	0.195
Household duties	1.51	(0.72-3.16)	0.278

Model stable, Hosmer and Lemeshow, Chi square 4.78, p = 0.783

7. Ethnic background
8. Criminal record
9. Religion
10. Other

The proportion of respondents who had experienced discrimination varied: 4% experienced disability discrimination, 14% age discrimination, 2% sexual discrimination, 7% gender discrimination, 4% nationality discrimination, 6% physical appearance discrimination, 3% ethnic back-ground discrimination, 1% criminal record discrimination, 2% religious discrimination, and 4% other discrimination. The variable was then recoded into two categories, those who had experienced discrimination (23.9%) (excluding the 'other' responses due to the large number of missing) and those who had not experienced discrimination (76.1%). Univariate odds ratios then examined the relationship between those who experienced discrimination and demographic characteristics (age, sex, marital status, work status, income, SEIFA IRSD and ARIA). The multivariate analysis is presented in Table 3.

Table 3 shows that women are more likely to experience discrimination than men. In addition, people in the lowest income bracket and people living in areas identified as disadvantaged are most likely to be discriminated against. However, older people are less likely to experience discrimination than younger people.

Table 3 Multivariate odds ratios of demographic factors associated with those who experienced discrimination (Social Inclusion)

	OR		p value
Sex			
Male	1.00		0.022
Female	1.53	(1.06-2.12)	
Age			
18-34 years	1.00		
35-44 years	1.16	(0.62-2.17)	0.651
45-54 years	0.64	(0.35-2.17)	0.141
55-64 years	0.54	(0.29-1.03)	0.060
65-74 years	0.54	(0.28-1.08)	0.080
75 years and over	0.43	(0.19-0.98)	0.044
Income (financial year)			
\$105000-\$150000+	1.00		
\$45000-\$104999	1.09	(0.69-1.71)	0.716
-\$44999	1.71	(1.04-2.81)	0.034
SEIFA IRSD			
Lowest quintile	1.00		
Low quintile	0.93	(0.54-1.59)	0.782

Middle quintile	0.81	(0.47-1.41)	0.453
High quintile	0.45	(0.25-0.81)	0.008
Highest quintile	0.86	(0.49-1.48)	0.575

Model stable, Hosmer and Lemeshow, Chi square 2.22, p = 0.974

In interpreting the data in Table 3, we need to be cognisant of the ‘blunt’ nature of the question on discrimination. For example, the age related finding could potentially be an effect that some older people may be less likely to perceive the same behaviour as discriminatory as when they were younger.

## Social Empowerment

The variable chosen to examine social empowerment was:

Have you or would you participate in any of the political actions listed below?

1. Petition
2. Boycotts
3. Protests
4. Strikes
5. Online political actions

Whilst previous validity testing found this question to be a good proxy for social empowerment, we also recognize the potential for some groups (e.g. wealthier or more powerful groups) to perceive little need to engage in the political actions listed in this question, even though they are highly socially empowered.

In terms of political actions, 70% of people took part in petitions, 19% in boycotts, 23% in protests, 19% in strikes and 13% in online political action.

The variable was then recoded into two categories, those who had participated in a political action (74.1%) and those who had not (25.9%). Univariate odds ratios then examined the relationship between those who participated in a political action and demographic characteristics (age, sex, marital status, work status, income, SEIFA IRSD and ARIA). The multivariate analysis is presented in Table 4.

Table 4 shows that increasing age was associated with increased political action (until age 75 and over). People on the lowest income level were less likely to get involved in political action although people living in outer regional areas are more likely than people living in major cities to get involved in political actions.

In summary, the findings outlined by the above questions suggest that retired respondents have lower socioeconomic security, and women and respondents of lower income have lower social inclusion. However, the findings also suggest lower social quality for disadvantaged individuals who scored poorly in social cohesion, social empowerment and social inclusion. This snapshot of social quality in Australia identifies the gravity of the lack of social quality for poor people, the financial security for older people, and the discrimination experienced by women.

Table 4 Multivariate odds ratios of demographic factors associated with participation in political action (Social Empowerment)

	OR		P value
Age			
18-34 years	1.00		

35-44 years	1.60	(0.87-2.94)	0.132
45-54 years	2.20	(1.25-3.90)	0.007
55-64 years	2.00	(1.13-3.55)	0.018
65-74 years	2.16	(1.18-3.97)	0.013
75 years and over	1.21	(0.61-2.39)	0.581
Income (financial year)			
\$105000-\$150000+	1.00		
\$45000-\$104999	0.79	(0.51-1.21)	0.274
-\$44999	0.56	(0.36-0.89)	0.014
ARIA			
Major cities	1.00		
Inner regional	1.43	(0.54-1.59)	0.080
Outer regional	1.73	(0.47-1.41)	0.039
Remote and Very Remote	1.47	(0.52-4.14)	0.464

Model stable, Hosmer and Lemeshow, Chi square 6.16, p = 0.62

## Discussion

For well over twenty years policy makers, health and social reformers in Australia have advocated the practical sense of an integrated approach in policy making and service delivery; to move from ‘silos to a system’, towards ‘whole of government approaches’, and ‘health in all’ [46-48]. However, an unsettled question remains how this best is done. Our purpose in this paper has been to demonstrate the practical utility of the social quality approach as a means to guide the development of policies, practices and systems in accord with this objective. This utility is argued from the basis of social quality theory as an integrative approach that conceptualises the social as a ‘whole’; it draws together theories about social inclusion, social empowerment, social cohesion and socioeconomic security in a counterbalance to the hegemony of individual based quality of life measures. It is also an attempt to unify theories and analyses that on their own, concentrate on one aspect of a dynamic and fragmented health and social policy context. Legge et al (1996: 22) describe this context as “...a field of turbulent discourses; different problems, different analyses and different strategies sweeping across the policy field like storm clouds under time lapse photography” [49].

Social quality theory aims to move beyond partial understandings of social problems informed by single disciplinary knowledge, and partial explanations afforded by theories that examine only one area of social life. On the basis of the data reported upon in this paper we contend social quality is useful because of this emphasis on a total or integrated picture. The picture developed in this paper, using the four conditional factors of social quality, is that the social quality of life in Australia is high across the four domains. Socioeconomic security is high (except for the third of people who spent savings and/or borrowed money), social cohesion is fairly high (relatively high levels of membership of organisations), social inclusion is high (low levels of perceived discrimination) and social empowerment is fairly high (generally high levels of participation in political actions).

However social quality theory, in drawing together individual measures, does more than provide a holistic picture. It develops a picture of systematic differences in social quality between population groups at a point in time. As seen in this paper, notwithstanding the relatively positive picture of social

quality in Australia, there were systematic differences in social quality between population groups. This was most pronounced for people on lower incomes (less than \$45000) who were more likely to have spent their savings (lower socioeconomic security), had lower levels of membership of organisations (lower social cohesion), experienced higher levels of discrimination (lower social inclusion), and were involved in less political action (lower social empowerment). On all four domains of social quality, people with lower incomes were disadvantaged and may therefore be seen as having generally lower social quality than people on higher incomes. The picture identified higher social quality in older respondents. Older respondents had higher levels of membership of organisations and were more likely to trust (high social cohesion), experienced lower levels of discrimination (high social inclusion) and engaged in more political action (higher social empowerment) than younger respondents. The findings regarding higher levels of membership may be explained by older respondents being more likely to be retired or working part-time and thus, having more opportunity to be members of organisations. The findings also identified lower social quality for older people in respect to financial security. This may be indicative of the fact that older individuals are likely to be living off of pensions and/or retirement plans and are thus, less likely to be saving which does not necessarily indicate poor social quality. However, this finding remains an important consideration in view of the estimations of population numbers who will be over 65 years by the year 2040 and that life expectancy is lengthening. In terms of gender, women experience more discrimination (lower social inclusion) than men. This may reflect lower social inclusion in women but may also be interpreted from the perspective that women and men may differ in their assessment of discriminatory acts.

The difference here between the social quality findings and those from research in the individual research areas (i.e. social cohesion, social inclusion) is that in this study the findings about social cohesion, social empowerment, social inclusion and socioeconomic security are pulled together empirically which makes it more amenable to policy changes and action. Our findings highlight areas of lower social quality but in providing a snapshot of the findings, we acknowledge that a more comprehensive presentation of our survey results will lead to more generalisable results regarding areas of high and low social quality. Nonetheless, it is not easy to ignore the gravity of the lack of social quality for poor people, the long term implications of low financial security for older people, or the discrimination experienced by women. Our initial approach to operationalising social quality theory emphasises social solidarity as a policy principle and data analyses may be viewed through a sociopolitical lens.

In addition there is further practical utility for policy makers derived from value of an integrative perspective on social quality in a context of hyper-fragmentation in the Australian social welfare system. The Australian social policy system has always been a mixed welfare economy [50] but this system is now much more complex and boundaries between sectors further blurred in what Clarke (2004) calls the 'dissolving of the public realm'; privatisation and outsourcing of services to not for profit and profit organizations, and a shift to informal care and market based health and welfare provision [51]. For example, the Australian Bureau of Statistics reported that at the end of June 2007, there were 40,976 not-for-profit organisations in Australia, employing almost 900,000 people [52], many of whom are in receipt of government funds. This is a marked departure from previous times when the sector was a grouping of charitable organisations. Service delivery fragmentation on the scale we see in Australia has resulted in repeated calls for tighter integration mechanisms, common language in understanding social issues and systems better organised in the interests of more efficient and effective responses to the types of social health issues alluded to from the data in this paper. Social quality theory may well offer such integrative utility.

## **Conclusions**

Social quality theory is an innovative and beneficial theoretical tool that warrants greater utilisation in research and policy development in social determinants of health. The findings presented in this paper provide only an example of how the survey conducted may be used to inform policy. The findings presented here are too general but provide a snapshot of the utility of the tool for policy development. This paper is a first attempt to demonstrate the operationalisation of social quality theory and how data outcomes may be used to inform policy. Statistical analyses revealed that people on lower incomes (less than \$45000) had lower socioeconomic security, lower levels of membership of organisations (lower social cohesion), experienced higher levels of discrimination and were involved in less political action (lower social inclusion) and had lower social empowerment. The findings were more mixed in terms of age, with people over 65 years experiencing lower socioeconomic security, but having higher levels of social cohesion, experiencing lower levels of discrimination (high social inclusion) and engaging in more political action (higher social empowerment). In terms of gender, women had higher social cohesion than men, although also experienced more discrimination (lower social inclusion).

As demonstrated in this paper, the social quality approach keeps the social analytical lens wide, both in how the social is conceived and related, and in how social and health policy responses are formulated. In addition, it may be used to measure the outcomes of policy and political interventions over time through repeated measurement within a given population. We suggest that whilst we know the potential impact of policy on health in terms of the social and structural determinants, we need a way of measuring the affects of policy on improving the condition under which health is determined. We argue that the social quality approach is a comprehensive measure of social quality (as opposed to either piecemeal approaches, or approaches based on individual quality of life measures) which may be used as such a tool for monitoring the impact of policy on health. These data may then be used as a point of comparison for future investigations into the social quality of Australians as a means of identifying the potential effectiveness of public health policy.

## **Additional material**

Additional file 1: Social Quality questionnaire. This is a copy of the validated questionnaire used within the study to measure Social Quality.

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# RECENT TRANSFORMATIONS IN CHINA'S ECONOMIC, SOCIAL, AND EDUCATION POLICIES FOR PROMOTING INNOVATION AND CREATIVITY

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**ABSTRACT:** The purpose of this study is to review major Chinese policies related to creativity education. We first identify and describe the role of innovation and creativity in economic and social development policies over the past 20 years, then analyze how the call for enhanced Chinese innovation and creativity was actualized in corresponding education policies. The article concludes with an analysis of issues surrounding Chinese education policy toward creativity and several directions for future research in this area.

Many visitors to mainland China have observed that it is a land of contradictions, and this certainly holds true for the Chinese view of their own creativity. On one hand, people around the world can recite thousands of years of Chinese inventiveness, ranging from gunpowder to noodles, from the civil service to intellectual examinations, among many other innovations. On the other hand, sentiments such as “Chinese students lack creativity” and “Chinese people need to be more creative” are common topics in Chinese media and academic journals, reflecting a conventional wisdom that China is no longer a creative country.

Over the past two decades, researchers have conducted a number of studies on these issues and have provided some reasonable explanations for the apparent lack of perceived creativity among Chinese students and adults (e.g., Chan & Chan, 1999; Niu & Sternberg, 2003; Wu, 2004). Niu and Sternberg (2003) believed that Chinese social values, school pedagogic practices, and educational testing systems were responsible for the comparative lack of creativity among Chinese students. They claimed that overemphasizing conformity, analytic thinking, and test scores significantly decrease Chinese students' creative performance. Chan and Chan (1999), in an investigation of Chinese teachers' perceptions of creative students, found that the teachers often regarded characteristics of creative students as socially undesirable. Prior research also revealed that while Chinese teachers value the significance of creativity, they know less about how to teach creativity (Chien & Hui, 2010).

In recent years, researchers have begun to explore Chinese creativity education from a policy perspective. For instance, based on the analysis of China's educational documents issued in 1998, Hui and Lau (2010) found that, in mainland China, innovation was usually regarded as synonymous with creativity, but that creativity education was not sufficiently emphasized in the larger community.

Nonetheless, it seems the prior research on China's “creativity problem” has not captured the whole picture of Chinese creativity education. On the one hand, China's creativity education is tightly associated with national developmental strategies. Under China's top-down approach to policymaking, national strategies can dramatically affect national and local educational policies, which in turn determine the practices of teaching creativity. Therefore, it will be very difficult to grasp the essentials of China's creativity education unless considered in the context of national strategies. On the other hand, since the beginning of the new century, particularly in the past 5 years, many significant changes have occurred in China's national strategies for promoting innovation and creativity. This has brought about

new transformations in China's educational policies on creativity education, indicating the potential for great change in the corresponding educational practices for developing Chinese students' creativity. As such, the purpose of this study is to examine the recent transformations of China's educational policies for fostering innovation and creativity. The article is divided into two main parts. The first part concerns the changes in the national strategies for innovation and creativity so as to provide a context for analyzing the transformations in educational policies. The second part focuses on the specific changes in creativity education policies, with a particular focus on recent policy developments in this area. The study concludes with a discussion of potential problems with the current education policies.

## **CHANGES IN CHINA'S NATIONAL STRATEGIES FOR INNOVATION AND CREATIVITY**

From the reform and opening period beginning in 1978 until the mid-1990s, although China had achieved great progress in its economic, political, cultural, and educational realms, innovation and creativity were rarely used as strategic terminologies in the most important official documents. To some extent, this implies that promoting innovation and creativity was not part of national strategy during this period. For example, in the report to the 14th National Congress of the Communist Party of China (CPC) held in October 1992, former President Jiang Zemin only mentioned the word "innovation" twice, by which he meant to "assimilate advanced technologies from abroad and improve upon them" (Jiang, 1992; Chapter 2, Article 4), reflecting an emphasis on adaptation and incremental creativity (i.e., forward incrementation in Sternberg's [1999] classification).

However, within a few years of that speech, the advent of the knowledge economy and economic globalization confronted China with the increasing pressures of global competition, maintaining sustainable economic growth, and securing higher employment. Innovation was soon seen to be crucial to China's development. As Jiang put it at the National Conference on Science and Technology held in May of 1995, "Innovation is the soul of a nation's progress. It is an inexhaustible motive force for the prosperity of a country and the source of the eternal vitality of a political party" (Jiang, 2000, pp. 55–56). As a consequence, the strategy of revitalizing China through science, technology, and education was proposed in the Decision on Accelerating Scientific and Technological Development issued by the Central Committee of the CPC and the State Council in May of 1995. In this document, not only is Deng Xiaoping's view that "Science and technology are the chief productive forces" put in practice, but "technology innovation" and "indigenous innovation" are frequently used (indigenous innovation in this context is used synonymously with "home-grown innovation"). From this point forward, innovation and creativity become key concepts in Chinese policy.

To illustrate the evolution of China's national strategies for promoting innovation and creativity, we first summarize the development of terminology in key policy documents to present a general picture of innovation and creativity policies. We then delineate changes in the strategic themes that can be drawn from the innovation and creativity policies.

## **TERMINOLOGY DEVELOPMENT IN RELEVANT POLICIES**

China has a unique political system, with national developmental strategies and policies mainly decided by the political party CPC. In practice, the most important policy documents are often the presidential reports delivered to the CPC's National Congress, which represent de facto national policies and strategies. Other important documents are the Five-year Plans sponsored by the Central Committee of the CPC, created by the State Council, and ratified by the People's Congress. These Plans set the

development agenda for China's economic, social, and educational reforms, as well as in other areas. Therefore, keywords related to innovation and creativity in these two types of the documents generally represent China's strategies for innovation and creativity.

Tables 1 and 2 present the keywords related to innovation and creativity in presidential reports from 1992 to 2007 and in Five-year Plans from 1991 to 2011, respectively. The frequencies and relational domains of the keyword, as well as the educational policies for promoting innovation and creativity, are also shown in the tables to help illustrate trends, which include:

Increasing the emphasis on the role of innovation and creativity in China's reform and development  
This is reflected, at least partially, by the exponential growth in the frequency of the relevant keywords.

## EXPANDING INNOVATION AND CREATIVITY IN SCIENCE AND TECHNOLOGY (S&T) TO OTHER DOMAINS

Every 5 years, Chinese policy toward creativity was emphasized within a broader range of domains and fields.

TABLE 1. Use of "Creativity" and "Innovation" in the Reports to the National Congress of the Communist Party of China

Session of the CPC National Congress	Year	Keywords related to innovation and creativity	Frequency of keywords	Relational domains	Creativity education policy
14th (Jiang Zemin)	1992.10.12	Creativity, innovation, spirit of creativity	8	Science, technology, strategic decision, social service	N/A
15th (Jiang Zemin)	1997.9.12	Creativity, innovation, spirit of creativity, independent innovation, theory innovation, institutional innovation, invention	10	Science, technology, strategic decision, social service, institution	N/A
16th (Jiang Zemin)	2002.10.8	Creativity, innovation, spirit of creativity, independent innovation, theory innovation, institutional innovation, invention, creative ability, S&T innovation, culture innovation, national innovation system, management innovation, creative talent	41	Science, technology, strategic decision, social service, institution, industry, agriculture, military, education	Encouraging innovation in education; cultivating a great number of top-notch innovative talents.

TABLE 1. (Continued)

Session of the CPC National Congress	Year	Keywords related to innovation and creativity	Frequency of keywords	Relational domains	Creativity education policy
17th (Hu Jintao)	2007.10.15	Creativity, innovation, spirit of creativity, independent innovation, theory innovation, institutional innovation, creative ability, S&T innovation, culture innovation, national innovation system, management innovation, creative talent, innovative country, innovative practice, management innovation, innovation of research methodology, creative vitality	65	Science, technology, strategic decision, social service, institution, industry, agriculture, military, education, finance, culture	Updating views on education; deepening reform in curricula, modes of instruction, and the educational evaluation system; improving students' overall quality.

TABLE 2. Use of "Creativity" and "Innovation" in the Five-year Plans

Five-year Plan	Year	Keywords related to innovation and creativity	Frequency of keywords	Relational domains	Creativity education policy
8th (1991–1995)	1991	Innovation, creativity	2	Science, technology	
9th (1996–2000)	1996	Innovation, creativity, creative ability	5	Science, technology, industry	
10th (2001–2005)	2001	Innovation, creativity, creative ability, spirit of creativity, independent innovation, theory innovation, knowledge innovation, technology innovation, institutional innovation, innovative enterprise, national innovation system	38	Science, technology, industry, education, agriculture, finance, military, management	Cultivating students' spirit of creativity
11th (2006–2010)	2006	Innovation, creativity, creative ability, spirit of creativity, independent innovation, theory innovation, technology innovation, institutional innovation, innovative enterprise, original innovation, integrated innovation, innovation through reverse engineering, innovation base, innovative country, awareness of creativity, culture innovation, invention	68	Science, technology, industry, education, agriculture, finance, military, management, culture	Cultivating students' spirit of creativity

TABLE 2. (Continued)

Five-year Plan	Year	Keywords related to innovation and creativity	Frequency of keywords	Relational domains	Creativity education policy
12th (2011–2015)	2011	Innovation, creativity, creative ability, spirit of creativity, independent innovation, theory innovation, knowledge innovation, technology innovation, institutional innovation, innovative enterprise, original innovation, integrated innovation, innovation through reverse engineering, innovation base, innovative country, awareness of creativity culture innovation, invention, creative talent, innovative city, regional innovation platform, regional innovation center, strategic alliance for innovation, innovation team, creative thinking, global innovation system	126	Science, technology, industry, education, agriculture, finance, military, management, culture, Government, medicine, diplomacy, public service	Getting innovative with educational methods, highlighting the development of students' scientific spirit, creative thinking and innovation abilities

## HIGHLIGHTING THE SIGNIFICANCE OF INDIGENOUS INNOVATION

From 1996, and particularly after 2004 (i.e., after China's 2001 entry into the World Trade Organization), indigenous innovation or independent innovation has been particularly emphasized in the strategic themes.

## INCREASINGLY STRESSING THE IMPORTANCE OF CREATIVITY EDUCATION

From about 2001, the national documents began to address the issue of cultivating student's creative spirit. The 12th Plan states that "we will be innovative with educational methods, and stress fostering a scientific spirit, creative thinking, and innovation abilities among students" (State Council of PRC, 2011, p. 133).

## SHIFTS IN STRATEGIC THEMES ON INNOVATION AND CREATIVITY

Although most of China's strategies for innovation and creativity are enacted in the two types of documents mentioned above, starting in 1995, the Chinese government launched a series of national policies concerned with innovation and creativity. These policies independently or conjointly prescribe the government's national priorities and strategies for promoting innovation and creativity. The evolution of the policies can be divided into three stages: promoting scientific and technological innovation, enhancing indigenous innovation, and cultivating innovative talents and promoting collaborative innovation.

### Stage 1: Promoting scientific and technological innovation (1995–2003)

The period from 1995 to 2003 represents the first stage of China's efforts to implement national innovation strategies. During this period, promoting technological innovation to ensure economic development was the primary focus. The basic assumptions underlining the strategy were that (a) technological change is the primary engine for economic development; (b) technological change is driven by innovation; (c) innovation is dependent on the accumulation and development of relevant

knowledge; thus (d) education plays a pivotal role in facilitating economic development. These policy assumptions led to three proposed actions.

First, the pace of scientific and technological development should increase. The Decision on Accelerating Scientific and Technological Development issued in May of 1995 proposed several specific policies, including prioritizing financial support of high-tech industries, strengthening basic research to give birth to new technologies, encouraging research institutes and universities to form high-tech companies, and creating democratic environments within academia to unlock scientists' creativity and initiative.

Second, technical innovation should be strengthened and applied to industrialization. In August of 1999, these actions were proposed by the Central Committee of the CPC and the State Council in the Decision on Strengthening Technical Innovation, Developing High Technology, and Realizing Industrialization, which proposed that China make greater efforts to promote the development, application, and commercialization of high technology and instill a spirit of innovation in Chinese society. Specific measures included increasing financial support for science and technology innovation, attracting high-tech talent from overseas, and establishing partnerships between enterprises and academic and research institutes, among others.

Third, comprehensive education reform should be implemented. This action was proposed in a series of documents released from 1998 to 2001 that all had the goal of implementing systematic educational reform, especially in areas that could contribute to proposed policies to develop Chinese capabilities in science and technology. For example, the Action Scheme for Invigorating Education toward the 21st Century (January, 1999) emphasizes the need to push forward educational reform and development to improve the quality of the whole nation and enhance its innovative capacity (MOE, 1999).

From 1995–2003, China made a number of important achievements in the construction of a national innovation system. For example, a number of science and technology parks were established, and a number of creative industries developed during this period (Keane, 2007). The significance of student creativity was noted during the reconstruction of the national curriculum. However, this period merely represents a beginning stage in China's innovation and creativity policies, because the national strategies were generally limited to innovation in technological domains to promote sustainable economic growth. Few if any national policies emphasized creativity education.

## **Stage 2: Enhancing indigenous innovation (2004–2009)**

From the Reform and Opening period through the beginning years of the 21st Century, China's competitive advantage was low-cost labor and a massive consumer market with a growing middle class (Keane, 2006). This advantage began to fade around 2003, when the costs of production and the price of land increased so rapidly that investors were driven to other low-cost countries. As a consequence, China's policymakers considered shifting labor-intensive industries to technology-intensive industries, moving manufacturing economies to innovation economies.

At the end of 2004, President Hu Jintao began to highlight "indigenous innovation" in several important political activities (Zhang, 2012, p. 1), indicating a major shift from adaptation of creativity from other countries toward greater investment in China's creative human capital. This shift was largely codified in the Proposal on the Formulation of the 11th Five-Year (2006–2010) Guidelines for National Economic and Social Development, approved by the 16th CPC Central Committee in October 2005. This important policy document enshrined enhancing the capacity for indigenous innovation a national strategy, stating that China should place indigenous innovation at the center of efforts to rebalance industrial structures and development patterns. The policy further specified that original innovation,

integrated innovation, and innovation through reverse engineering are three basic forms of indigenous innovation (Central Committee of the CPC, 2005). The presence of reverse engineering in the document suggests that the previous emphasis on adaptation was not completely abandoned. In Hu Jintao's presidential report to the 17th CPC National Congress on October 15, 2007, he reaffirmed that enhancing indigenous innovation and making China an innovation-oriented country were the core themes of the new national development strategy. He stressed that indigenous innovation was the driving force for sustaining and upgrading China's economy (Hu, 2007; Part 5, sector 1).

The indigenous innovation campaign brought about a series of new laws, plans, and regulations in 2006 and 2007. The most prominent included the Decision on Implementing the Outline of the S&T Development Plan and Enhancing the Independent Innovation Capacity (Central Committee of the CPC and the State Council, January 26, 2006); National Action Plan for Scientific Literacy (2006–2010–2020) (State Council, February 6, 2006); National Guideline for Medium and Long-term Plan for S&T Development (2006–2020) (State Council, February 9, 2006); and the revision of the Science and Technology Progress Law (December 29, 2007). In the meantime, several specific documents for education were also issued, which will be discussed in the second part of this study.

During the period of 2004–2009, and extending to the present day, China sought to continue its rapid economic development by implementing indigenous innovation strategy to construct a national innovation system. Not surprisingly, creativity education was integrated into this development agenda. For instance, the Decision on the S&T Development stated that China should push forward essential-qualities-oriented (EQO) education and creativity education so as to provide various kinds of talents for constructing an innovative country (Part 4, sector 8). Similarly, the Guideline for the S&T Development seeks to strengthen creativity education and cultivate adolescent creative spirit and abilities (Part 8, sector 9), and the Law on S&T Progress specifies that school education should emphasize the development of student independent thinking abilities, practical abilities, and creative abilities (Chapter 1, Article 3).

In brief, the national policies for developing creativity education in this period included:

1) Reform of teaching and learning methods. Primary and secondary education should accelerate curriculum and instructional reforms and should adopt research-based models of learning to foster student creative spirit and abilities (Plan for Scientific Literacy, Part 3, Sector 1; Part 4, Sector 1; Guideline for the S&T Development, Part 10, Sector 2; Decision on the S&T Development, Part 4, Sector 8).

2) Increase in after-school S&T activities. Extracurricular S&T activities for students should be increased, programs should be created to expose students to scientific experimentation, and greater opportunities should be offered for students to conduct scientific exploration of the natural environment (Guideline for the S&T Development, Part 8, Sector 9; Plan for Scientific Literacy, Part 3, Sector 1).

3) Student involvement in research projects. National key S&T project teams should include undergraduate and graduate students, and these students should have opportunities to conduct independent research under the guidance of professional scientists. Government funding should be provided to support research programs for graduate students. (Decision on the S&T Development, Part 4, Sectors 7 and 8; Guideline for the S&T Development, Part 10, Sector 2).

4) Creation of supportive environments for creativity. Schools and research institutions should create positive climates that encourage, respect, and motivate creative thinking and creative acts. Students should be emboldened to propose new viewpoints, hypotheses, and theories (Guideline for the S&T Development, Part 10, Sector 5; Decision on the S&T Development, Part 4, Sector 2).

5) Strengthening of basic research on creativity. Scientific research on learning, memory and thinking, particularly on higher order cognitive functions, was set as one of the most important research fields, giving these areas priority for government research funding (Guideline for the S&T Development, Part 6, Sector 2).

### **Stage 3: Innovative talents and collaborative innovation (2010-)**

By the end of the first decade of the 21st Century, it was widely accepted among Chinese policymakers that economic development depends on indigenous innovation, and indigenous innovation depends on the people who have the spirit and capacity for innovation. This train of thought resulted in the national strategy of strengthening China through tapping human resources, which was formally pro-posed in the presidential report to the 17th CPC National Congress. However, this strategy was not efficiently implemented until 2010, when China launched its first talent plan: The National Medium- and Long-term Talent Development Plan (2010–2020) (June 6, 2010).

The talent development policy was soon followed by two additional, important documents, the National Outline for Medium- and Long-Term Educational Reform and Development (2010–2020) (July 29, 2010) and the CPC's Proposal on the Formulation of the 12th Five-Year Guidelines for National Economic and Social Development (October 18, 2010). These documents clearly influenced the 12th Five-Year (2011–2015) Plan (March 16, 2011), with President Hu giving an important speech on innovation and creativity at Tsinghua University roughly a month later (on April 24, 2011). The importance of these recent documents and policies cannot be over-emphasized, as they share a common goal: Transforming China from a manufacturing hub to a world leader in innovation. The policies embodied in the new documents represent the third developmental stage of China's innovation strategy –one that has been largely ignored in Western media, which remains focused on China's past success as a low-cost manufacturing hub.

This new direction introduced two new strategies for creativity into Chinese policy. The first was to highlight the cultivation of creative talents. In the Talent Plan, talents (*ren cai*), which are defined as including people who have certain professional knowledge or special skills and can add value to society, are taken as the most important resources for China's economic and social development. The Plan pro-posed to expand the country's pool of highly skilled talent from 114 million to 180 million people by 2020, in part by creating 12 "talent projects" to focus talent development efforts in specific fields. Representative projects include the Plan for promoting the development of creative talents, the Plan for developing gifted and creative young people, the Plan for bringing in overseas, high-end talent, and a series of projects to develop talents in specific fields, such as education, healthcare, agriculture, and business.

According to the Talent Plan – and which was restated in the subsequent 12th Five-year Plan – China will foster innovative talents through five main measures:(a) constructing a number of high-quality innovation teams, which are led by world class scientists and engineers, (b) remodeling educational methods with more emphasis on cultivating student scientific spirit, creative thinking, and other creative abilities, (c) creating high-level research centers to train the talents through practice,(d) increasing training programs for frontline, innovative talents, and (e) bringing in and making good use of high-end innovative and pioneering talents from overseas (12th Five-year Plan, Chapter 2, Sector 1).

The second new strategy was to strengthen collaborative innovation, which was proposed in President Hu's April 2011 speech commemorating the centennial anniversary of Tsinghua University. According to Hu, China should encourage universities, scientific research institutes, and related enterprises to establish strategic alliances of collaborative innovation to promote the sharing of resources,

jointly carry out major scientific research projects, and make practical achievements in key realms. In response to this new policy direction, China's Ministry of Finance (MOF) and the Ministry of Education (MOE) jointly launched the Project for Enhancing the Innovation Capability in Universities (Project 2011) in March 2012. Essentially, Project 2011 is a specific document for education. As such, we will discuss it in detail in the second part of this study.

## **SUMMARY OF MAJOR TRENDS IN CHINESE INNOVATION AND CREATIVITY POLICIES**

From the above discussion, it is clear that there exist four main trends in China's strategies and policies on innovation and creativity: (a) from ignoring to highlighting innovation, (b) from adaptation and renovation to indigenous innovation, (c) from emphasizing innovation in technology to emphasizing creative talent and creative persons, (d) from individual innovation to collaborative innovation. China's leading policymakers also clearly view education as being inextricably linked to the national economic and social development strategies and policies.

## **EDUCATIONAL POLICIES FOR PROMOTING CREATIVITY**

Before the mid-1990s, the most important task of Chinese education was to popularize 9-year compulsory education, and creativity was rarely mentioned in official policies. For example, neither creativity nor innovation was mentioned in the Compulsory Education Law of the People's Republic of China (April 1986) and the Outlines of the China's Education Reform and Development (February 1993).

This situation, however, began to change dramatically in the last few years of the 20th Century. The impetus for change came from both inside and outside education. On the one hand, the traditional system's reliance on examinations-oriented education (EOE) resulted in a series of serious problems, such as students being overloaded with academic work, students having less intrinsic motivation to learn, overemphasis on book learning, and the lack of practical abilities and creativity among students (Pepper, 1996). Both parents and teachers urged a comprehensive reform in education, shifting EOE onto the track of EQO education. On the other hand, and as noted above, the national strategies of sustainable development called for educational reform to equip students with advanced competencies and creativity to meet the challenges of the global knowledge economy. For example, in the report to the 15th National Congress of the CPC (September 1997), President Jiang proposed the strategy of invigorating the country through S&T and education, urging the educational reform so as to increase the national capability for innovation.

As a consequence, creativity education began to gain significant attention from educational policy makers. This attention progressed through three distinct phases of national education policy: an early period, which we have labeled Nascent Creativity Education, a second period of considerable policy development and implementation, labeled Developing Creativity Education Policy, and a third, recent period called Recent Transformations (Table 3).

### **NASCENT CREATIVITY EDUCATION (1998–2001)**

To guide and facilitate China's education reforms, five educational documents were formulated from 1998 to 2001: the High Education Law of the Peoples' Republic of China (August 1998), the Action Scheme for Invigorating Education toward the 21st Century (MOE, 1998), the Decision on Speeding up

Educational Reforms and Promoting EQO Education in a Comprehensive Way (CPC Central Committee & the State Council, 1999), the Decision on the Reform and Development of Basic Education (State Council, 2001), and the Outline of Curriculum Reform of Basic Education (MOE, 2001). Although all the documents highlight reforms surrounding the implementation of EQO education, they vary significantly in the ways they suggest developing student creative abilities. Given that these five documents represent the de facto beginning of China's creativity education policy, the following cross-cutting themes provide a baseline for examining future policy changes. The five documents seek to:

### **Set creativity development as an educational goal**

For example, in the High Education Law, "to cultivate the professional talents with the spirit of creativity and practical abilities" (Chapter 1, Article 5) was included in the list of educational goals. In a similar vein, the Action Scheme provides that education should adjust to the construction of the national innovation system to cultivate a large number of high-end creative talents (Preamble), and that EQO education should aim to fully enhance the people's literacy and national innovative abilities (Chapter 1, Sector 2). The Decision on Speeding up Educational Reforms and Promoting EQO Education specifies that EQO education should take the development of the spirit of creativity and practical abilities as the focal point (Chapter 1, Sector 1). The educational goal of promoting students' spirit of creativity and practical abilities is stressed in the Decision on the Basic Education (Chapter 3, Article 17) and the Outline of Curriculum Reform (Chapter 1, Sector 1). In the National Curriculum Standards (NCS) for compulsory education, creativity is also set as instructional objective for some subjects. For example, in the NCS for mathematics, it states that students should develop creative spirit during problem solving (Ministry of Education of China, 2001).

### **Implement the Project for High-end Creative Talents**

The Project for High-end Creative Talents, which was proposed in the 1998 Action Scheme, was designed to enhance the creative talents in higher education institutions (HEIs). It is envisaged that HEIs should play the key role in knowledge creation and become the basis for fostering high-end creative talents. According to the Project, efforts should be made to attract distinguished scholars from domestic and foreign institutions to work in China's leading universities, and these scholars should be able to lead their colleagues and graduate students to do cutting-edge research. From 1998, vacancies for specially appointed professors (from China or abroad) were to be set up in a number of key disciplinary areas in some HEIs, with special funding available for distinguished visiting professors. Starting in 1999, 100 young faculty members (under 35 years of age) who have made significant contributions in research and teaching were to be selected each year to receive stronger financial support for their research and teaching for 5 years, and 100 highly creative doctoral dissertations were to be selected and given special financial support to realize their creative potentials as they began their careers.

Another important project proposed in the Action Scheme was "Project 985," which is named after the date of President Jiang's speech at the 100th anniversary of Peking University on May 4, 1998. Although the project focuses on the construction of the high-level universities in China by allocating large amounts of funding, it also highlights the development of other interventions, such as new research centers.

TABLE 3. Phases and Key Recommended Actions of Chinese Creativity Education Policy

Phase	Policy Emphases
Nascent Creativity Education (1998–2001)	<ul style="list-style-type: none"> <li>• Set creativity development as an educational goal</li> <li>• Implement the <i>Project for High-end Creative Talents</i></li> <li>• Reform instructional models to activate students' creative thinking</li> <li>• Adjust assessment systems to give priority to creative students</li> </ul>
Developing Creativity Education Policies (2002–2009)	<ul style="list-style-type: none"> <li>• Stipulate creativity education in the <i>Compulsory Education Law</i></li> <li>• Expand creativity education projects in higher education</li> <li>• Strengthen academic research on creativity and innovation</li> </ul>
Recent Transformations in Creativity Education Policies (2010–Present)	<ul style="list-style-type: none"> <li>• Strengthen collaborative innovation in higher education</li> <li>• Specify instructional strategies for creativity education</li> <li>• Link secondary education with higher education to cultivate creative talents</li> <li>• Highlight creativity in curriculum frameworks</li> <li>• Strengthen innovation/creativity-oriented assessments</li> </ul>

### **Reform instructional models to activate students' creative thinking**

The Decision on Speeding up Educational Reforms and Promoting EQO Education stated that both primary and secondary schools should reform teaching to employ more heuristic instruction to stimulate students' independent thinking and awareness of creativity. The policy called for classroom teaching to emphasize the process of the knowledge creation, and to foster scientific spirit and creative thinking, with instructors paying significant attention to the development of the students' abilities to collect and analyze information, to acquire new knowledge, and to analyze and solve problems. Universities were directed to accelerate the process of curriculum and instructional reform, encourage students to take interdisciplinary courses, and engage students in scientific research and creative activities as early as possible (Chapter 1, Sector 4). National-level policymakers further prescribed in the Outline of Curriculum Reform that students should change their learning methods, shifting away from rote memorization and toward inquiry learning, self-regulated learning, and cooperative learning (Chapter 1, Sector 2). In the Decision on Basic Education, high schools were encouraged to cooperate with the universities to explore effective instructional methods and develop creative talents (Chapter 3, Article 23).

### **Adjust assessment systems to give priority to creative students**

The Decision on Basic Education recommended that examinations and assessments should focus on students' capacities and abilities, and furthermore, that high school students with aptitude in invention, creativity, and scientific research should be enrolled in universities without sitting for the National College Entrance Examination, or gaokao (Chapter 3, Article 25). This marked a major departure from

current practice at the time, and the continued call for gaokao reform suggests that this policy shift resulted in little change in practice.

### **Summary of Nascent Period**

The years 1998–2001 was an awakening period for China’s creativity education, and these years should be viewed as foundational in the sense that policies from this period set the stage for later development, but had little obvious impact at the time. For example, a search of the China National Knowledge Infrastructure Data-bases (CNKI), which mainly contain Chinese academic papers, for the term *chuangxin jiaoxue* (i.e., “teaching for creativity,” or to a lesser extent, “teaching creatively”) in manuscript titles returned only 204 records in 1998–2001, an average of only 51 papers per year. However, the relevant records in 2002–2009 and 2010–2012 were 1683 and 1197 with averages of 187 and 399 papers per year, respectively.

## **DEVELOPING CREATIVITY EDUCATION POLICIES (2002–2009)**

The 16th CPC National Congress in November 2002 represented a series of important changes in China’s politics and national strategies. In President Jiang’s report to the Congress, he stressed that, “We should encourage innovation in education ... promote quality-oriented education to cultivate hundreds of millions of high-quality workers, tens of millions of specialized personnel, and a great number of top-notch innovative talents” (Jiang, 2002; Part VI). In response to the 16th Congress directives, especially the national strategies of enhancing indigenous innovation and constructing an innovation-oriented economy, which were reaffirmed in the national documents in 2006, the educational policies for creativity education, were readjusted by China’s MOE. These policies were embodied in three documents, the 2003–2007 Action Plan for Revitalizing Education (MOE, 2004), the Compulsory Education Law of the People’s Republic of China (revised in 2006), and the 11th Five-year Plan for National Education Development (MOE, 2007). These policies contained three main themes related to creativity education:

### **Stipulate creativity education in the Compulsory Education Law**

In 2006, a separate chapter was added to the Compulsory Education Law (Chapter 5) to specify recommended instructional approaches.<sup>1</sup> The chapter noted that instruction should highlight students’ independent thinking, creative ability, and practical ability to promote their all-round development (Chapter 5, Article 34), with schools and teachers encouraged to explore and utilize various heuristic education approaches (Chapter 5, Article 35). It would be impossible to overemphasize the importance of this particular policy change. The closest parallel in the U.S. context would probably be if the Elementary and Secondary Education Act (ESEA) were amended to include a special section on creativity, but even this hypothetical example is not adequate, as the Compulsory Education Law has much greater impact on Chinese classrooms than ESEA has on American classrooms given the American federal system of governance.

### **Expand creativity education projects in higher education**

In the 2003–2007 Action Plan, in addition to the Project for High-end Creative Talents, three additional creativity projects were initiated: the Innovation Project for Graduate Education, the Project for Science and Technology Innovation in HEIs, and the Project for Prospering Philosophy and Social Science in HEIs. The Innovation Project was designed to promote innovation in the management of graduate education, to reform systems for graduate admissions, and to encourage and fund graduates to

conduct creative research. The Project for Science and Technology Innovation focused on the construction of science and technology innovation platforms, particularly, the establishment of national laboratories and creative technology centers. The Project for Prospering Philosophy and Social Science sought to promote creative research in the humanities and social sciences. This policy essentially sought to balance out the strong emphasis on science and technology in earlier policies.

### **Strengthen academic research on creativity and innovation**

Starting in 2003, the MOE began to fund Key Research Projects of Philosophy and Social Sciences Research. Among the 40 or 50 (after 2010) projects delivered each year, at least one concerning creativity and innovation is funded each year (Table 4).

### **Summary of Developing Period**

The years 2002–2009 were marked by refinement of policies created during the Nascent Period, with finer-grained interventions (especially at the postsecondary level) and heightened funding for research on creativity and innovation. The policies also contained a broadened view of creativity, moving it from science and technology into other academic domains. However, the major policy development was probably the inclusion of strong creativity themes in the Compulsory Education Law.

### **RECENT TRANSFORMATIONS IN CREATIVITY EDUCATION POLICIES(2010—PRESENT)**

At the 17th CPC National Congress in October 2007, enhancing China's capacity for indigenous innovation and making China an innovative country were placed at the core of China's national development strategy (Hu, 2007). From 2010, cultivating creative talents and strengthening collaborative innovation emerged as national strategies. To respond to the changes in the national strategies, there have been several corresponding transformations in the policies for creativity education, as represented by the National Outline for Medium- and Long-Term Educational Reform and Development (2010–2020) (State Council, 2012), the 2011 edition of the National Curriculum Standards (e.g., MOE, 2011a, 2011b), the Project for Higher Education Innovative Capacity Improvement Scheme (Plan 2011) (MOE and MOF of China, 2012), and the 12th Five-year Plan for National Education Development (MOE, 2012). The new educational policies for creativity education in the documents can be generalized as follows:

TABLE 4. Key Research Projects on Creativity and Innovation from 2003 to 2012

Year	Title of the Research Projects (No.)
2003	Research on the creative talents and the innovation in education. (34)
2004	Research on the basic education reform and the reconstruction of Chinese educational theory. (24)
2005	Research on the indigenous innovation strategies and the international competitiveness. (14)
	Research on the educational innovation in China's school. (35)
2006	Research on the creativity in philosophy and social science and its evaluation methods (3)
	Research on the creative economy and its development strategies in China. (21)
	Research on the supporting policies for promoting scientific and technological innovation. (35)
	Research on the methods for evaluating the creative capabilities of the university. (38)
2007	Research on the innovation of the running system of the rural finance. (9)
	Research on the construction of contemporary Chinese cities: a cultural creativity perspective. (35)
2008	Research on the creative industries during the rising of the middle china. (16)
	Research on the successful models of the university patent transfer and the relational policy. (20)
2009	Research on the creativity of the methodology of philosophy and social science. (6)
	Research on the strategies for enhancing the competitiveness of China's national capacity for innovation. (30)
2010	On the mechanism and practice of the integration of the scientific and technical innovation and higher education. (12)
2011	On the construction of the knowledge creation system for merging scientific research and higher education. (39)
	Research on the growth patterns of the top-notch creative talents and the cultivating models. (40)
2012	Research on the theory, mechanism, and policies of Collaborative creativity. (42)

### Strengthen collaborative innovation in higher education

Collaboration has a positive impact on creativity and team performance (DeCusatis, 2008). Strengthening collaborative innovation is now seen as critically important for improving China's capacity for innovation, cultivating individual talent, and enhancing the quality of scientific research (Hu, 2011). However, collaborations among Chinese HEIs in recent years to enhance capacity for innovation were not as good as expected. As a result, Plan 2011, which was reaffirmed in the 12th Five-year Plan for Education, set collaborative innovation as its core theme. The aim of Plan 2011 is to break down barriers between universities, research institutes, and business enterprises, using collaborative partnerships as the key mechanism to speed up the establishment of China as an innovative country. The Plan seeks to generate commercially applicable, independent innovation and research, as well as support the growth of innovative capacities. Therefore, in light of President Hu's speech, establishing strategic alliances of collaborative innovation, strengthening the sharing of resources, jointly carrying out major scientific research projects, and making practical achievements in key fields are the major principles of Plan 2011 (Chapter 5, article 1). According to the Plan, the most important action that will be taken in the coming years is to establish a number of collaborative innovation centers, which will be supported by special

funds from the central government; the most important mechanism for high-end creative talents is learning by participating in key research projects which integrate industry, education, and research goals.

### **Specify instructional strategies for creativity education**

The 2010–2020 National Outline for Education provides three strategic educational theses: “moral education first,” “centralizing abilities,” and “comprehensive development.” The Outline emphasizes that education should optimize students’ knowledge structures, enrich students’ social practices, and strengthen their abilities to learn, practice, and create (Chapter 2, Article 4). To achieve these goals, heuristic teaching methods (e.g., discovery learning, inquiry learning, experiential learning, classroom discussion), should take precedence over other instructional methods (Chapter 11, Article 32). In addition, the 12th Five-year Education Plan recommends that entrepreneurs, scientists, and engineers should be invited into the classroom to act as the models for the students to encourage students’ spirit of self-employment and creation (Chapter 4, Article 3).

In the newly released NCS, suggestions on teaching creativity are provided for teachers. For example, the NCS for mathematics (MOE, 2011b) suggests teachers should ask themselves the following questions when designing and delivering their instruction:

How to lead students to actively participate in the teaching and learning process? How to lead students to explore and encourage them to create?

How to lead students to recognize the value of mathematics?

How to make students love mathematics?

How to make students experience success so as to improve their self-efficacy?

How to lead students to independent and critical thinking during cooperative learning?

### **Link secondary education with higher education to cultivate creative talents**

The Chinese policy documents strongly emphasize that creativity can be found at any age. Therefore, the policies set creativity development as the goal of all levels of education. In view of these core beliefs, the recent educational policies began to fill the creativity education blanks in the education system, primarily through two important actions. The first is to view high school as a critical period for developing creative talents. As described in the 2010–2020 National Outline for Education, high school is a critical period for students to shape personality and autonomy and, therefore, it is of special significance for enhancing national quality and cultivating creative talents (Chapter 5, Article 11). High schools are encouraged to explore and discover the effective pathways for cultivating creative talents, and they are encouraged to help students develop in multiple ways (Chapter 5, Article 11). The policies also propose to support qualified high schools to cooperate with HEIs to establish creative talent bases and conduct joint research experiments on cultivating creative students (Chapter 21, Article 67). Another related action is imposing creativity reforms on vocational education; the 12th Five-year Educational Plan provides that higher vocational education should cultivate creative and interdisciplinary technicians to meet with the needs of innovation in the enterprises (Chapter 2, Article 2). The policies’ explicit desire to link secondary and postsecondary education policy is not dissimilar to efforts within the United States to better align the various levels of American education (Chamberlin & Plucker, 2008).

### **Highlight creativity in curriculum frameworks**

Although the 2001 edition of the NCS began to emphasize creativity development in primary and secondary schools, it did not bring about substantial changes in educational practice. This is partially due to less specification and prescription for creativity education in the documents. For instance, in most

NCS materials, the task of developing creativity is described amorphously as “to develop student creative spirit.” Furthermore, goals for developing creativity were not proposed for all subject areas. These problems are partially addressed in the 2011 edition of the NCS (Table 5).

Strengthen innovation/creativity-oriented assessments

### **Innovation/creativity-oriented assessment emerges as an important policy not only in the 2010–2020**

National Outline for Education, but also in Plan 2011 and the 12th Five-year Education Plan. These documents stress that research assessments in higher education should focus on the quality, creativity, and innovativeness of contributions (National Outline, Chapter 7, Article 20). In Plan 2011, it is put forward that higher education assessments should shift from merely focusing on research papers and scientific awards to emphasizing original creativity and the capability to solve significant national problems (Chapter 4, Article 2). The 12th Five-year Education Plan, further stresses that innovation/creativity should be at the core of higher education research assessments (Chapter 4, Article 9) and calls for reform of Note. \*The words in the parentheses indicate where the prescription is. graduate school entrance examinations to place greater emphasis on creative abilities (National Outline, Chapter 12, 36). Emphasis on creativity assessment is also placed in some basic education courses. For instance, in the NCS for art (MOE, 2011a), active creation is added as a separate assessment index. Active creation is defined as: “Draw or perform imaginatively; Love to create scientific fiction paintings; Observe and express in novel ways; Use artistic knowledge and skills to solve problems in real life; Use the materials creatively to produce new products” (p. 35).

TABLE 5. Changes in the NCS for Promoting Creativity Development

Subjects	The 2001 edition	The 2011 edition
Mathematics	Two basics: basic knowledge and basic skills (Goal)* Problem solving: ability to analyze and solve problem (Goal) Creativity: developing creative spirit (Goal)	Four basics: basic knowledge, basic skills, basic thoughts, and basic mathematic activities (Goal) Problem solving: ability to find, raise analyze, and solve problem (Goal) Creativity: developing creative awareness (Goal)
Chinese	Balancing the development of basic literacy and creative abilities (Teaching suggestions)	Highlighting students' creative spirit and practical abilities (Teaching suggestions)
English	Nurturing student creative spirit (Curriculum description)	Promoting creative thinking (Curriculum description)
Science	Developing creative awareness (Goals)	Increasing creative awareness; using creative thinking to solve problems (Goals)

Geography	Nurturing students creative spirit (Teaching suggestions)	Having creative awareness and practical skills; being astute to find geographical problems and propose hypothesis. (Goal) Pay more attention to stimulate student creative awareness and curiosity, to encourage independent thinking and bold questioning. (Teaching suggestions)
Art	Art is a curriculum with creativity. (Curriculum description) Developing student abilities to express and create arts. (Goal)	Art can fully activate student creative imagination, realize their creative potentials; (Curriculum description) Developing student abilities to create and express arts. (Goal)

*Note.* \*The words in the parentheses indicate where the prescription is.

### Summary of Current Period

The past couple years have been characterized by considerable reform of creativity education policies, including a strong focus on group creativity and collaborative innovation, significantly more detailed guidance on instructional strategies to promote creativity, an acknowledgement that students learn and develop in different ways, a more unified view of how various educational levels can work in concert to promote creative thinking, and significant rethinking of how creativity and innovation should be reflected in the National Curriculum and various assessment systems.

### DISCUSSION

The recent transformations in China's educational policies for creativity education were largely undertaken by the political policymakers, driven by the urgency of maintaining sustainable economic development. Although top-down policymaking helps increase public awareness of the importance of creativity and provides resources for schools to address creativity education, a number of important issues remain to be addressed.

First, the policies were made by the senior politicians rather than interested educational experts, which has led to an ambiguous definition of creativity. For instance, despite recent improvements in the policies, creativity in these education policies is still often defined within the scope of innovation in science and technology (Hui & Lau, 2010). Compared with the term creativity, innovation is a more preferred policy term for Chinese policymakers (Keane, 2006). It is well known that creativity is different from innovation. As Amabile (1996) put it, "Creativity is the production of novel and useful ideas in any domain. ... innovation is the successful implementation of creative ideas ... [creativity] is a starting point for innovation; it is a necessary but not sufficient condition" (p. 1). Therefore, equating creativity with innovation may be off-putting for K-12 teachers. The conceptual ambiguity may also make teachers and students place too much emphasis on pragmatic aspects of creativity, prioritizing usefulness, and acceptability over novelty (Morris & Leung, 2010), complicating the cultivation of creative thinking (Beghetto, 2007).

Second, less attention was paid to creativity education in primary and secondary schools. Given that China's innovation campaigns aim to promote economic development, it is not surprising that creativity

in HEIs and business enterprises became the focus of many policies (see Xin, 2012). Nevertheless, creativity education in primary and secondary schools is so fundamental that it should receive greater attention from policymakers. The analysis above suggests that this is beginning to happen. One justification for this broader approach is that China's higher education system is still rather small: For a country with over 1.3 billion people (some estimates are much higher), most people are surprised to learn that college enrolment was only 22 million in 2010 (although that number represents a massive, fivefold increase over the previous decade). And with increasing numbers of Chinese students choosing to attend college abroad, one could wonder if focusing creativity and innovation interventions at the postsecondary level will have as much impact as K-12 reforms.

On the other hand, China's current basic education reforms mainly focus on such essential issues as, curriculum, finance, teacher competency, educational equity, and regional balance. Although creativity development has been set as an important educational objective, it is often marginalized in the classroom, most likely due to the fact that it is not comprehensively incorporated into academic achievement tests and entrance examinations. As has been observed in many countries, teachers will generally teach what they believe is going to be assessed. In some sense, teachers in China now are making efforts to teach creatively rather than teach for creativity (Dello-Iacovo, 2009). In other words, teachers are becoming more innovative in their instructional strategies, but they are not necessarily using those new strategies to increase student creativity. As such, inclusion of courses on creativity pedagogy in education (vs. creative pedagogy) should be considered by policymakers.

Third, evaluation systems that implicitly value and facilitate creative instruction are lacking. Whether the students think creatively or not is greatly associated with how teachers evaluate their thinking processes and products. To develop student creativity, teachers should not only offer opportunities for creative thought in assignments and tests, but also give separate creativity grades to encourage the creative process and effort (Sternberg & Williams, 1996). Chinese researchers have developed indigenous measures of creativity (Hui & Lau, 2010); however, to date, there are few tools that help teachers identify and promote creativity in classrooms (e.g., Craft, 2005). Therefore, in terms of promoting creativity education, China's educational administration agencies should include the development of creativity evaluation system as an important task during the establishment of the national educational qualifications, an activity called for in the 12<sup>th</sup> Five-year Plan.

Fourth, there is lack of a separate official document – and dedicated institutional support – to implement a coordinated movement to enhance creativity education. Effective creativity education “calls for a systematic strategy: one that addresses the balance of the school curriculum, teaching methods and assessment, how schools connect with other people and resources and the training and development of teachers and others” (National Advisory Committee on Creative and Cultural Education [NACCCE], 1999, p. 6). It needs an active exchange between policymakers, school officials, and school teachers. Without such a separate document as the White Paper on Creative Education published in Taiwan (Hui & Lau, 2010) and advisory committees, such as the NACCCE in the United Kingdom, it will be more difficult in main-land China to coordinate all or the proposed – and future – efforts for creativity education. After all, policies made in a top-down fashion often lead everybody's business to become nobody's business. Creativity education will be and is no exception.

## **CONCLUSION**

This study examined the transformations of China's policies on creativity education. It is clear that China's educational policies on creativity education have been subject to the national strategies for

constructing an innovation-oriented country, and we noted several parallels between the development of the two sets of policies. With the increasing emphasis on innovation and creativity in the national economic and social strategies, China's policies on creativity education will clearly continue to evolve. China's creativity education has made progress in that creativity teaching has become more valued and more obvious in most schools and classrooms. However, although over the past decades, there have been numerous documents addressing the importance of cultivating student creativity, the policies are spread among numerous documents and white papers, somewhat diluting their impact.

In the course of our analyses, we noted that Chinese policymakers see the "Chinese creativity problem" not as one of innate capacity, but rather as a matter of inadequate training and poor motivation (e.g., the heavy emphasis on improving creativity and innovation "spirit"). Interestingly, Chinese policymakers and scholars have a more progressive attitude in this regard than many of their Western counter-parts, who often assume that creativity is an innate ability.

We see several aspects of this topic in need of further research. First, researchers should carefully study the degree to which these policies are actually being implemented in Chinese classrooms in different parts of the country, in different content areas, and with students of differing ethnicities, registration status, and socioeconomic level. Second, the literature is somewhat devoid of studies on the outcomes of these policies. As has been long-established in policy research, all policies have unintended consequences. To what extent are the policies reviewed in this paper having both intended and unintended consequences? There is anecdotal evidence that the policies are having some intended effects: the 2010 round of international test results from the Programme for International Student Assessment (PISA), which emphasizes problem solving and knowledge utilization, had phenomenal scores for Shanghai students in mathematics, science, and reading. And a range of indicators suggest that Chinese science and technology innovation (i.e., areas of initial emphasis and investment early in China's innovation and creativity drive) is approaching world class standards if not already at world class levels (National Science Board, 2012), as exemplified in China's burgeoning space program (Stone, 2012).

Fourth, for reasons of space we did not examine one important aspect of innovation policy: intellectual property rights. The existence of a thriving, innovation-based economy necessitates having a system of intellectual property rights in place. China has made strides in this regard (Huang, 2010), and a careful examination of intellectual ownership issues in government innovation policies would be helpful. We note that concepts of intellectual property protection are being widely debated and researched in a number of countries (e.g., Acemoglu & Akcigit, 2011).

Finally, comparisons of policies across different countries would help us understand how to better bring about desired changes in creativity education and national economic policies, perhaps while limiting unintended consequences. And such comparisons may also benefit other countries and regions that are also betting heavily on innovation as a driver of economic growth (e.g., Macilwain, 2011).

Creativity education is an incremental and evolutionary process. The most important factor for creativity education may reside in the students and teachers' need of creativity. Thus, to policymakers, while top-down policy making is attractive, grass-roots approaches should receive careful consideration. We hope that in future there are more specific and feasible creativity education policies which meet students' and teachers' developmental needs. We believe that these policies can more effectively promote creativity education and innovation in China.

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# NEW ECONOMIC ELITES: THE SOCIAL BASIS OF LOCAL POWER

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**Abstract:** The emergence of the new rich in China is likely to have a significant impact on local power structures. Though the interaction of politics and economics is well understood, local elites and power relations may also be shaped through the influence of families in given localities. This paper reports on research currently under way in Lanzhou, Qingdao, Taiyuan, Zhongshan, Suzhou and Kunming. Research has proceeded from analysis of contemporary economic and political leadership in each locality to develop historical perspectives on elite formation. Although the research for this project continues, findings to date highlight the significance of family background back to before 1949 in the emergence of the economic elites of 2009; the extent to which the new economic elites have parents in the party-state, and grandparents in the pre-1949 ruling class; and the importance of family narratives to individual behaviour.

There is a strong and well-articulated school of thought that argues that the People's Republic of China [PRC] has fundamentally changed little, if at all, despite the economic growth of the last three decades. At the centre of arguments of this kind is the Chinese Communist Party [CCP] whose party-state remains the dominant political institution.<sup>1</sup> At the same time, it is also clear that within the framework of the party-state's political economy there have been significant changes in the operation of power, especially at the local level.<sup>2</sup> In particular the political nation has expanded to embrace entrepreneurs in the last decade; those who might be described as the wielders and developers of economic capital. Moreover, it is equally clear that the function of local government has changed dramatically. Where once the prime function of the party-state at the urban district and county-level was political education and mobilisation, increasingly over the last thirty years it has become the encouragement of economic development.<sup>3</sup> In short, there has been the emergence and valorisation of a new part of the local elite: an economic elite.

The opening up of first the rural and then, after 1984, the urban economy led inexorably to the rise of entrepreneurship, and with that has come inevitably an exponential growth in the number and range of entrepreneurs. While in Europe and North America the understanding of entrepreneur focuses on enterprise ownership, and development, in China's reform and transformation from state socialism, management and control of resources may be equally if not more important, not least because in the early 1980s economic capital was almost non-existent outside the party-state. The concept of an entrepreneur as an individual who has an idea, seeks capital, and establishes an enterprise to develop an invention or innovation is only broadly applicable in the PRC. More usual has been that entrepreneurs are those who either more efficiently use existing resources and economic structures, or who either as private owner-operators or as managers see emerging marketing opportunities.<sup>4</sup> It is only more recently in the last decade that a second generation of cash-rich entrepreneurs are to be found emerging alongside those whose original and early genius was for developing state owned or collective enterprises, nor for that matter should all entrepreneurs be thought of as captains of industry. Many entrepreneurs were and remain small-scale economic actors, working for themselves. Nonetheless, this new social category of entrepreneurs is the pool from which the economic elite has emerged.<sup>5</sup>

1. Richard McGregor *The Party: The Secret World of China's Communist Rulers* London, Allen lane, 2010; Minxin Pei *China's Trapped Transition: The Limits of developmental Autocracy* Harvard University Press, 2006; Elizabeth J Perry 'Studying Chinese Politics: Farewell to Revolution?' in *The China Journal* no.57 January 2007; James Mann *The China Fantasy* Viking, New York, 2007.
2. David S G Goodman 'Sixty Years of the People's Republic: Local Perspectives on the Evolution of the State in China' in *The Pacific Review* vol.22, no.4, October 2009, p.429-450.
3. Jean C Oi 'Fiscal Reform and the Economic Foundations of Local State Corporatism in China' in *World Politics* vol.45, 1992, p.99-126; Andrew Walder 'Local Governments as Industrial Firms: An organizational analysis of China's transitional economy' in *American Journal of Sociology* vol.101, no.2, 1995, p.263-301; Tao-Chiu Lam 'The county system and county governance' (p.149) Yang Zhong 'Chinese township government: between a rock and a hard place' (p.174) Tao-Chiu Lam and Carlos Wing-Hung lo 'The urban district: half or full level of state administration' (p.196) all in Jae Ho Chung and Tao-Chiu Lam (ed) *China's Local Administration: Traditions and changes in the sub-national hierarchy* Abingdon: Routledge, 2010.
4. Barbara Krug *China's Rational Entrepreneurs: The development of the new private business sector* London: Routledge, 2004.

In explaining the emergence of the new economic elite the weight of explanation has fallen, quite understandably, on political and economic factors. In the first place, none of the socio- economic changes of the last three decades that has engendered an economic elite would have been possible without the decision that occurred at the end of 1978 for the state to change its role in economic development. The political explanations have tackled head-on a fairly widespread assumption that the emergence of an economic elite would challenge the position of the CCP.<sup>6</sup> On the whole they have rejected this account of possibilities, emphasising instead the extent to which the new economic elite has close ties with the existing party-state, either having emerged from within it both institutionally or associationally, and the extent to which the party-state has moved to absorb any possible activism by new entrepreneurs who did not already have such links.<sup>7</sup> In addition, these explanations also emphasise the extent to which in any case (and for a range of fairly obvious reasons) the new economic elite sees its interests as firmly fixed within the framework of the party-state.<sup>8</sup> The economic explanations have taken a somewhat similar track, focussing analysis on the extent to which the economy is in transition from state socialism.<sup>9</sup>

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5. David S G Goodman 'New Economic Elites' in R.Benewick and P.Wingrove (ed) *China in the 1990s* Macmillan, London, 1995, p.132-144; Margaret M. Pearson *China's New Business Elite: The Political Consequences of Economic Reform* University of California Press, 1997; Michael H M Hsiao, and Alvin Y So 'The making of the east asian middle classes: the five propositions' in H.M. Hsiao (ed) *East Asian Middle Classes in Comparative Perspective* Taipei: Institute of Ethnology Academia Sinica, 1999; and David S G Goodman and Xiaowei Zang 'The New Rich in China: the dimensions of social change' (with Xiaowei Zang) in David S G Goodman (ed) *The New Rich in China: Future Rulers, Present Lives* Routledge, London, 2008, p.1-20.
  6. R M Glassman *China in Transition: Communism, Capitalism and Democracy* New York: Praeger, 1991.
  7. Heike Holbig, 'The Party and private entrepreneurs in the PRC' in *Copenhagen Journal of Asian Studies*, no. 16, 2002, p.41; Bruce J Dickson *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* Cambridge University Press, 2003; David S G Goodman 'Why China has no new middle class: cadres, managers and entrepreneurs' in David S G Goodman (ed) *The New Rich*

*in China: Future Rulers, Present Lives* Routledge, London, 2008, p.23-37; Bruce J Dickson *Wealth into Power: The Communist party's Embrace of China's Private Sector* Cambridge University press, 2008.

8. Bruce J Dickson 'Beijing's Ambivalent reformers' in *Current History* 103, no.674, p.249-255; Jie Chen and Bruce J Dickson *Allies of the State: China's Private Entrepreneurs and Democratic Change* Harvard University press, 2010.

9. Victor Nee 'A Theory of Market Transition: From Redistribution to Markets in State Socialism' in *American Sociological Review* 54/5, 1989, p.663-81; Victor Nee 'Organizational Dynamics of Market Transition: Hybrid Forms, Property Rights, and Mixed Economy in China' in *Administrative Science Quarterly* 31, 1992, p.1; Victor Nee 'Organizational Dynamics of Institutional Change: Politicized Capitalism in China' in Victor Nee and Richard Swedberg (ed) *The Economic Sociology of Capitalism* Princeton University Press, 2005, p.53-74; Victor Nee and Rebecca Matthews 'Market Transition and Societal Transformation in Reforming State Socialism' in *Annual Review of Sociology* 22, 1996, p. 401-35; Barbara Krug and Hans Hendrichske 'Framing China: Transformation and Institutional Change through Co-evolution' in *Management and Organization Review* vol.4, no.1, March 2008, p.81-108.

Research on emerging entrepreneurship under similar though admittedly different circumstances in Eastern Europe and Russia after 1989 (the collapse as opposed to the evolution of state socialism) has also highlighted the political and economic factors at work.<sup>10</sup> In particular, as in China, the networks and institutions of state socialism meant considerable path dependency in the emerging new economic environment, especially in the early years of the transformation. At the same time, research on enterprise development in Eastern Europe and Russia at that time has also highlighted the importance of social capital and particularly of families as a factor in encouraging entrepreneurialism. Families not only provided important connections to reinforce trust and economic security, as might be expected in a period of relative instability, but also seem to have provided reserves of entrepreneurial skills even when not practiced for several decades of state socialism.<sup>11</sup> A specific research project started in 2009 designed to examine the social factors involved in the emergence of new economic elites at the local level in the PRC.<sup>12</sup> In particular, it is concerned to investigate the extent and the ways in which families play a role in the emergence of the new economic elites of the last three decades as well as of entrepreneurialism generally. There is already some evidence that families and family connections may not be unimportant in enterprise development. Some entrepreneurs and members of the new economic elite are former local administrators in or leaders of the party-state, and equally some are the relatives of local administrators and leaders.<sup>13</sup> One detailed study of women entrepreneurs has shown clearly that the connections of their parents and fathers-in-law are even more important than the individual entrepreneur's own connections.<sup>14</sup> Another earlier study of local cadres (admittedly in a single province) indicated that there was a three generation pattern of cadres having parents who had been peasants, but children who became business people.<sup>15</sup>

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10. Robert D. Russell 'The Emergence of Entrepreneurship in Eastern Europe: A self-organizing perspective' in vol. 6 no.1/2, 1993, p.21 – 37; Victoria E Bonnell and Thomas B Gold (ed) *The New Entrepreneurs of Europe and Asia: Patterns of Business Development in Russia, Eastern Europe and China* New York, M E Sharpe, 2002; Sebastian Vaduva, Bruce D Keillor, Michael d'Amico 'Emerging Entrepreneurship in Eastern Europe' in *International Journal of Management Practice* vol.1 no.3, 2005, p.279-293.

11. Gerald A. McDermott 'The Embedded Politics of Entrepreneurship and Network Restructuring in East- Central Europe' in Victoria E Bonnell and Thomas B Gold (ed) *The New Entrepreneurs of Europe and Asia: Patterns of Business Development in Russia, Eastern Europe and China* New York, M E Sharpe, 2002; Gyorgy Lengyel 'Social Capital and Entrepreneurial Success: Hungarian Small Enterprises Between 1993 and 1996' in Victoria E Bonnell and Thomas B Gold (ed) *The New Entrepreneurs of Europe and Asia: Patterns of Business Development in Russia, Eastern Europe and China* New York, M E Sharpe, 2002.
12. Project funded for 2009-2011 by the Australian Research Council – Beatriz Carrillo (University of Technology, Sydney) Minglu Chen (University of Sydney) and David S G Goodman (University of Sydney) DP0984495 *The New Rich and the State in China: The social basis of local power*.
13. Kellee S. Tsai *Capitalism Without Democracy: The Private Sector in Contemporary China* Cornell University Press, 2007; Teresa Wright *Accepting Authoritarianism: State-Society Relations in China's Reform Era* Stanford University Press, 2010.
14. Minglu Chen *Tiger Girls: Women and Enterprise in the People's Republic of China* Abingdon: Routledge, 2011.

In the mid-1990s Martin King Whyte highlighted the possible interaction between the family and both economic and enterprise development in reform China.<sup>16</sup> Somewhat surprisingly the research agenda he set out at that time appears not to have resulted in many further studies.<sup>17</sup> There seems to be nothing that considers the extent to which families may have a history of entrepreneurship, and very little that specifically investigates the family background of entrepreneurs back to their parents, let alone to earlier generations. One part of the research project currently underway is then to examine the family background of today's entrepreneurs and the possible influences of these backgrounds on their activities. Research will be undertaken in six locations – Kunming, Yunnan; Lanzhou, Gansu; Suzhou, Jiangsu; Qingdao, Shandong; Taiyuan, Shanxi; and Zhongshan, Guangdong – with a hundred entrepreneurs being interviewed in each.<sup>18</sup> In order to track generational change today's entrepreneurs have been asked to identify what they or their immediate family was doing thirty years ago in 1979, and again thirty years earlier in 1949. In each case, 1949 and 1979 have been chosen not simply as markers of a thirty year period (and possible generation) but as the point of significant change in the socio-economic environment. These dates are proxies for the earlier societies, and their patterns of differentiation, that began to change at that time.

Only about one hundred and twenty interviews in four locations have been completed to date. All the same it is perhaps useful to start exploring the patterns and possibilities being suggested by results to date, in order to help refine the conceptual approaches being developed to understand the social basis of power, and the practical problems being unearthed in undertaking the research. Clearly there is much work still to be done, but it is possible to identify three possible and likely conclusions. The first is that family background is clearly an important factor in the emergence of the new economic elites (of 2009) not only back one generation as earlier research has suggested but even to the pre-1949 era. The new economic elites are drawn from a narrow range of possible intergenerational family trajectories. This leads to the second tentative conclusion. It seems likely that today's local economic elites are successor generations drawn disproportionately from two social categories of the pre-1949 era: those who were part of the old, land-based ruling class, and those who were revolutionaries (with the CCP) at that time. Interestingly, there are many whose antecedents can be found in both social categories. Both these possible findings are consonant with other research on the remarkably low level of social mobility that occurred generally during the Mao-dominated years of China's politics.<sup>19</sup> The third likely conclusion is

that particularly successful entrepreneurs come from families that have especially strong narratives of their own achievements and potential.

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15. David S G Goodman 'The Localism of Local Leadership: Cadres in Reform Shanxi' in *Journal of Contemporary China* vol.9 (no.24) 2000, p.159-183.
  16. Martin King Whyte 'The Social Roots of China's Economic Development' in *The China Quarterly* vol.144, 1995, p.999-1019; Martin King Whyte 'The Chinese Family and Economic Development: Obstacle or engine ?' in *Economic Development and Cultural Change* vol.45 no.1, 1996, p.1-30.
  17. Exceptions include: David S G Goodman 'Why Women Count: Chinese women and the leadership of reform' in *Asian Studies Review* vol.26 no.3, September 2002, p.308-353; David Pistrui, Wilfred V Huang, Harold P welsch and Zhao Jing 'Family and Cultural Forces: Shaping Entrepreneurship and SME Development in China' in Paninkos Poutziouris, Kosmas, and Sabine Klein (ed) *Handbook of Research on Family Business* Edward Elgar, 2008, p.460-486.
  18. Research has started in Lanzhou, Qingdao, Taiyuan, and Zhongshan, and will start next year in Kunming and Suzhou.

In the analysis that follows, four observations should be emphasised. One is that it is usually the more successful entrepreneurs responsible for larger scale enterprises who are most willing to talk about their business and themselves. The second is that entrepreneurs are not personally identified unless permission has been explicitly granted by the interviewee.

The third is that at this stage very little attempt has been made to quantify the different patterns of generational change beyond identifying those that are the most common. Finally, and relatedly, there are almost certainly likely to be regional variations in the structures and cultures of local economic elites. Indeed, one goal of the research project has been to highlight the importance of the local social and political ecology in determining local power structures. The six localities chosen for research have not been selected to be representative of China as a whole, but there is an expectation that when research is completed and sufficient information is available they will deliver location-specific analysis as well as contributing to more general statements about social change in the PRC.<sup>20</sup> For the moment though these differences have been ignored in order to explore the preliminary results of research.

### **Local elites and social change**

Any historical analysis of China's local social structure and elite configuration has to start with consideration of 'the gentry' – the term usually applied to the land-based ruling class that is held to be the fundamental local building block of the Imperial state system.<sup>21</sup> The gentry and centralized Imperial administration formed a community of interest in which the latter was responsible for the maintenance of order and the management of ritual, and the gentry ran localities though nominally subservient to the county magistrate. Imperial administration and gentry were brought together associationally through the education system, which through its effective training programs not only supplied officials to the state drawn from the ranks of the gentry but brought the latter increased status, power and influence in retirement as well as in office.<sup>22</sup> The extent to which the local gentry exercised effective authority is often remarked on.<sup>23</sup> To quote Fei Xiaotong in economically self sufficient communities it is not necessary to employ authority beyond that found in the local community.'<sup>24</sup>

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19. Mark Selden 'Family strategies and structures in rural north China' in Deborah Davis and Stevan Harrell (ed) *Chinese families in the post-Mao era* Berkeley: University of California Press, p.139–64.
  20. Elizabeth Perry 'Trends in the Study of Chinese Politics: State-Society Relations' in *The China Quarterly* no.139, September 1994; Melanie Manion 'Survey Research in the Study of Contemporary China: Learning from Local Samples' in *The China Quarterly*, no.139, September 1994.
  21. Fei Hsiao-tung 'Peasantry and Gentry: An Interpretation of Chinese Social Structure and its Changes' in *American Journal of Sociology* vol.52, no.1, 1946, p.1-17.
  22. John R Watt *The District Magistrate in Late Imperial China* Columbia University Press, 1972.
  23. Norman Stockman *Understanding Chinese Society* Cambridge: Polity Press, 2000, p.122.

Patterns of land-holding certainly varied greatly across China, and there was an almost total absence of large landholdings largely because of the practice of sons sharing inherited land.<sup>25</sup> But while land may have been central to the definition of the gentry, it was not their only source of power. This was a single local elite that effectively monopolized political, economic and cultural power. In the words of one commentator: During the late imperial era, China's social and economic elite gained status from education and passing civil service exams, wealth from land and commerce, and power from government positions and leadership roles within local communities. They formed large and complex families that had interests in land and commerce and maintained residences for extended families simultaneously in villages and towns or cities. At the heart of the elite reproduction were scholars who after passing the civil service exams staffed the world's largest state bureaucracy ... Families producing scholars often gained wealth from land ownership, commerce or some combination of both.'<sup>26</sup> It was a fairly stable social system, not least because the elite was able and indeed found it desirable to regularly replenish its ranks.

The collapse of the Qing Dynasty in 1911 did little to challenge the dominant local position of the gentry. Indeed, it can readily be argued that the increasing strength of the local gentry during the first decade of the 20<sup>th</sup> Century was just another nail in the coffin of the weakened imperial system.<sup>27</sup> This was a situation the establishment and development of the Republic did little to change, not least because of the problems attending state formation at the national level. Even the warlord regimes that were the successor to the empire in many places either worked closely with local elites or continually ran up against the power of the entrenched local gentry.<sup>28</sup> Similarly the Japanese regimes established after invasion, from 1931 in the Northeast and after 1937 elsewhere in the North and East, accepted and worked through the local gentry to good effect.<sup>29</sup>

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24. Fei Hsiao-tung *China's Gentry* University of Chicago Press, 1953, p.78.

25. Philip C Huang *The Peasant Economy and Social Change in North China* Stanford University Press, 1985.

26. R Bin Wong 'Social Stratification: The Legacy of the Late Imperial past' in Deborah S Davis and Wang Feng (ed) *Creating Wealth and Poverty in Postsocialist China* Stanford University Press, 2009, p.236-236.

27. Joseph Levenson 'The province, the nation and the world: the problem of Chinese identity' in Albert Feuerwerker, Rhoads Murphey, and Mary C Wright (ed) *Approaches to Modern Chinese History* University of California Press, Berkeley, 1967, p.268-288.

28. See for example, the experience of Yan Xishan in Shanxi: Donald G Gillin *Warlord Yen Hsi-shan in Shansi Province 1911-1949* Princeton University Press, 1967, p.51; Jiang Shunxing and Li Liangyu (ed) *Shanxi wang Yan Xishan* [Yan Xishan, King of Shanxi] Henan renmin chubanshe, 1990, p.173.

29. Prasenjit Duara *Sovereignty and Authenticity: Manchukuo and the East Asian Modern* Lanham, Maryland: Rowman and Littlefield, 2003; Timothy Brook *Collaboration: Japanese Agents and Local Elites in Wartime China* Harvard University Press, 2005.

This is of course not to argue that there was no socio-economic change in the first half of the 20<sup>th</sup> Century. Modernisation and industrialisation proceeded, if fitfully and unevenly across China before 1949, especially in urban areas and treaty ports. Despite problems of national unification, war and civil war, there was the development not only of industry and capitalist enterprises, but also of a modern state and many of the institutions associated with those processes, including schools, health services, postal services, financial institutions and a state administration. Though social differentiation was limited in scope and scale, and highly concentrated spatially, these years saw the emergence of a bourgeoisie, as well as professional and managerial middle classes, including intellectuals associated with the new education system and mass media of communication. There were many social connections between these new developments and the earlier social structure but equally there were opportunities for ordinary people to join the economic elite on occasion.<sup>30</sup>

In the social structure that existed on the eve of the establishment of the PRC it is then possible to place the range of specific social categories described later in retrospect by the entrepreneurs interviewed as part of this research project in context. In addition to the peasantry and the workers (who were few proportionately but growing in numbers) there clearly was a land-based ruling class. By the 1940s it is estimated that there were less than 2 million members of the gentry in a population of about 400 million.<sup>31</sup> At the same time the gentry are not necessarily immediately equitable with the landlord class of the later CCP imagination. As Huang and others have pointed out many landlords owned less land and were poorer than their tenants, and when push came to shove, and the CCP implemented land reform, the determinant of designation as a landlord was less an objective set of criteria about land-holdings than a desire to meet campaign norms.<sup>32</sup> As already noted, there were also bourgeois capitalists, growing numbers of managers and administrators, and intellectuals, as well as soldiers, who had been recruited in large numbers to fight not only during the War of Resistance to Japan, but also in various armies during the civil war.

1949 is often with some justice taken to be a major divide in China's development.<sup>33</sup> At the same time there were clearly continuities with the past as well as discontinuities, some of which lasted not simply into the early stages of the PRC but through until the 1980s. One explanation for continuities is that while the PRC brought political unity it did not necessarily bring political stability for thirty years, and in that process individuals when faced by uncertainty retreated to their familiar and well-trusted patterns of social interaction.<sup>34</sup> Another is that while the PRC brought not only political unity and economic growth – 6 percent per annum rise in GDP over the whole period 1952 to 1978 – it did not bring social differentiation of the kind experienced in other parts of the world during similar processes. This was a deliberate political act designed to bring about class levelling: a central aspect of Mao Zedong's political agenda, and seen at its most extreme in the rigid institutionalisation of the rural-urban divide through household registration.<sup>35</sup>

Class levelling and its concomitant establishment of the power and authority of the centralised party-state proceeded in three stages. First land reform in the early 1950s destroyed the power of

landholders, and particularly the networks of the gentry.<sup>36</sup> Secondly, in 1955-1956 the party-state's authority was established over the urban bourgeoisie through the socialisation of ownership of all enterprises.<sup>37</sup> Finally, intellectuals were

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30. Marie-Claire Bergère *L'Age d'or de la bourgeoisie chinoise* Paris: Flammarion, 1986, especially p.45 ff.

31. Chang Ching-li *The Chinese Gentry* Seattle: University of Washington press, 1970 (2nd ed) p,116.

32. Philip C Huang 'Analyzing the Twentieth Century Chinese Countryside' in *Modern China* vol.1 no.2, p.132, 1975; Philip C Huang 'Rural Class Struggle in the Chinese Revolution: Representational and Objective Realities from the Land Reform to the Cultural Revolution' in *Modern China* vol.21, no.1, 1995, p.105.

33. Paul Cohen 'The Post-Mao Reforms in Historical Perspective' in *Journal of Asian Studies* vol.47 no.3, 1988, p.518-540.

34. Kenneth Lieberthal *Revolution and Tradition in Tientsin, 1949-1952* Stanford University Press, 1980.

brought into line during the Anti-Rightist Movement of 1957 when the limits to open expression were starkly presented as large numbers were arrested, designated as counter-revolutionaries and imprisoned.<sup>38</sup> One result was that the PRC's elite for its first thirty years was organisationally not complex, especially at the local level: there were few differences between individuals (increasingly so as the influences of the earlier society were eradicated) and little separation between the political, economic and cultural elite.<sup>39</sup>

At the same time the language of social categories became particularly important after 1949 as the CCP sought to implement its social agenda. In the early 1950s everyone was assigned a specific class status, determined by their source of economic support during 1946-1949.

These class labels were to prove the determinants of social progress and life chances for the next thirty years. Essentially those with 'red' class status – peasants, workers, those who had participated in the Communist movement before 1949, or their descendants if they had died in the process – were favoured. Those with 'black' class status – landlords or their descendents, the bourgeoisie (after 1955) those who had belonged to organisations that opposed the CCP – were disadvantaged.<sup>40</sup> Class labels became particularly important during the height of the Cultural Revolution.<sup>41</sup>

Change in the structure of local power came after the end of 1978 when the CCP determined on a radically different economic development strategy. The party-state was not only to introduce elements of market determination of economic activity but also to surrender its monopoly of economic management and control.<sup>42</sup> Change did not come quickly, and indeed it would probably be fair to say that there was some delay and hesitation both because there was a necessary lack of market-based economic management skills and because of uncertainty about the political wisdom of action. While the greater differentiation of the social structure that resulted from the encouragement of non-state sector economic activity and private enterprise spread unevenly across China, by the early 1990s new economic elites were to be found in all provincial-level jurisdictions.<sup>43</sup>

### **Entrepreneurs and enterprise development**

Enterprise development is clearly the key to understanding the generation of the new economic elite. Broadly speaking the new enterprises that have emerged during the last three decades have emerged in one of four ways, differentiated by source of the initial capital and resources, rather than by

formal ownership systems. In the late 1970s and early 1980s enterprises in the PRC economy were classified by ownership system, as either state owned, collective or private. Both the state-owned and collective sectors were essentially part of the state planning system, differentiated solely by levels of state responsibility for economic activity. Collective sector enterprises did not have their inputs governed by the state plan. The changes of the last three decades have seen a most bewildering array of ownership structures, including not only the continuation of state-owned, collective, private and individual enterprises, but also the development of many as share-based companies and the establishment of limited liability companies. The overlap between formal ownership systems is high. It is for example estimated that a quarter of private firms have emerged from state-owned enterprises; and a state-owned enterprise can own up to a half share in a private firm.<sup>44</sup>

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35. Norman Stockman *Understanding Chinese Society* Cambridge: Polity Press, 2000, p.53 ff.

36. Victor D Lippit *Land Reform and Economic Development in China* White Plains, New York: International Arts and Sciences Press, 1974.

37. John Gardner 'The *Wu-fan* campaign in Shanghai: a study in the consolidation of urban control' in A D Barnett (ed) *Chinese Communist Politics in Action* University of Washington Press, 1969, p.477-539.

38. Merle Goldman *China's Intellectuals: Advise and Dissent* Harvard University Press, 1981.

39. Joel Andreas *Rise of the Red Engineers: The Cultural Revolution and the Origins of China's New Class* Stanford University Press, 2009, p.11.

40. Gordon White *The Politics of Class and Class Origin* Australian National University, 1976.

41. Wang Shaoguang *Failure of Charisma: The Cultural Revolution in Wuhan Hong Kong*, Oxford University Press, 1995.

Though the emphasis in commentary on these changes is on privatisation, marketisation – the opening up of the economy to market forces – might be a more appropriate focus.

Historically, the introduction of greater measures of market determination and the development of new types of enterprise started in the rural areas, or more accurately the sub- and peri-urban rural districts of cities. Through the 1980s and 1990s town and village enterprises [TVEs] became the mainstay of the collective sector of the economy, and grew out of rural economic activities and perceptions of spare labour or other forms of underutilised capacity.<sup>45</sup> In the Hangzhou area one village transformed its machinery workshop, which had access to wire products, into a production line for using wire to produce elaborate gift cards for the Japanese market. It was soon so successful that the production line became a large-scale factory and the village ceased agricultural production. In Yuci (in Shanxi Province) another village agricultural machinery workshop turned to aluminium radiator production; in Yingchuan (also in Shanxi) surrounded by coal-mining, coal by-products, particularly plastics, were produced. These enterprises and their development were led by local individuals, often the former workshop manager or some other level of local leadership who was able to mobilise their fellow villagers. Though technically managers and not owners of the TVEs, many behaved economically, socially and politically as if they were.<sup>46</sup>

The state sector of the economy saw similar processes at work. The previous system of state socialism had been characterised by large scale production and inherent economic inefficiencies. Starting in 1984 economic reform of the state sector inevitably resulted in senior managers seeking economic efficiencies and partly in consequence new opportunities to use the assets they controlled. In

a variety of ways state assets were developed or built on to produce an economic return. A state-owned enterprise or department of the state administration would often establish a subsidiary company initially operating in the collective sector of the economy.<sup>47</sup>

In North China, for example, a specific iron and steel works before restructuring was a complex organisation that like other large scale state owned enterprises at that time attempted to meet most of the social and welfare needs for its workforce and their dependents, as well as being concerned with production. The enterprise had canteens, farmlands to supply the canteens and trucks to transport the agricultural produce to the canteens. Before reform, little attention was paid to the low level of economic activity generated by the canteens or the trucking department since they fulfilled their allotted tasks of feeding the workforce and transporting produce to the canteens once a day. After the mid-1980s the under-utilisation of capital presented an opportunity for the state-owned enterprises' senior management to show their economic management skills in the changed policy environment. Each of these activities was hived off as a separate company, technically owned at least in part by the parent state-owned enterprise, but under the control of the previous work-unit (canteen, farm, vehicles) management who had been assigned to the new enterprise. Each was provided with a contract to provide services as before but now in order to survive they also had to find additional money-making opportunities in the open market.

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42. Norman Stockman *Understanding Chinese Society* Cambridge: Polity Press, 2000, p.136 ff.

43. David S G Goodman 'China in reform: the view from the provinces' in David S G Goodman (ed) *China's Provinces in Reform: Class, community and political culture* Routledge, London, 1997, p.1-15.

44. Bruce J Dickson *Wealth into Power: The Communist Party's Embrace of China's Private Sector* Cambridge University press, 2008, p.59 ff.

45. Jean C Oi *State and Peasant in Contemporary China* University of California Press, 1989; Christian Henriot and Shi Lu *La Réforme des Entreprises en Chine: Les entreprises shanghaiennes entre État et marché* Paris: L'Harmattan, 1996; Lynn T White III *Unstately Power* White Plains New York: M E Sharpe, 1998; Susan Whiting *Power and Wealth in Rural China: the Political Economy of Institutional Change* Cambridge University Press, 2001; Jean C Oi *Rural China Takes Off: Institutional Foundations of Economic Reform* University of California Press, 1999; Ray Yep *Manager Empowerment in China: Political implications of rural industrialization in the reform era* London: Routledge, 2003.

46. Unless otherwise cited cases are drawn from David S G Goodman 'Why China has no new middle class: cadres, managers and entrepreneurs' in David S G Goodman (ed) *The New Rich in China: Future Rulers, Present Lives* Routledge, London, 2008, p.23-3.

47. Marc Blecher 'Development State, Entrepreneurial State: The Political Economy of Socialist Reform in Xinju Municipality and Guanghan County' in Gordon White (ed) *The Chinese State in the Era of Economic Reform* London: Macmillan, 1991, p.265; Jane Duckett *The Entrepreneurial State in China* London: Routledge, 1998; You Ji *China's Enterprise Reform* London: Routledge, 1998.

Alongside the development of TVEs and new enterprises emerging from restructured state- owned and even collective-sector urban enterprises there were also private enterprises that came into being in large numbers starting in and after 1992 (and Deng's revival of the momentum of economic reform) though some individual and private sector enterprises had already been established during the 1980s. (The difference between the two categories is one of size and timing in the history of the emergence of

the PRC's private sector.)<sup>48</sup> Private businesses can be found in all industrial sectors and activities, including mining and heavy industry, as well as light industry, processing, retail and service industries. Many remain simply owner-operators in small-scale business. As their business grows and they wish to scale-up the pressure for access to factors of production – investment capital, land, labour and political permission – essentially dictates that the successful private entrepreneur has to surrender part of their equity to local government. As with TVEs and those companies that have developed from within the state sector and state administration, the potential for confusion over ownership and control is often high.

In Hangzhou during the late 1980s a disgruntled workshop technician left his job to branch out on his own, reckoning that even if his income went down he would be happier working for himself. He established a series of bee hives and produced honey, which he sold himself to local restaurants and hotels. After two years he had managed to pay off his debts and save some capital so he decided to establish his own restaurant. This in turn was a great success leaving him after three years with capital to invest further in a new undertaking. Thinking he would like to move into manufacturing he looked around for a product, finally deciding to establish a food-processor manufacturing plant. (He had found the machine mentioned in the translation of a Graham Green novel and not knowing what it was had investigated further, realising that there was or would probably be a market in China). Unfortunately as a private entrepreneur he had no access to bank loans and had been denied land to build his factory by the local authority. It was not until he accepted the invitation by the local government to cooperate (and surrender half his equity) in the development of a new collective sector enterprise that he was able to proceed.

In Jiexiu County, Shanxi, Li Anmin, now President and General Manager of the Antai International Enterprise Group Company and one of the province's richest individuals established a coke production company as a private enterprise in 1984. He had been the village accountant in his home village and invested 3,000 *yuan* of his own money, employing 27 of his neighbours. Within ten years the enterprise had become a collective stock company through cooperation with local government and equity from Li's fellow villagers. By the mid-1990s the company had expanded into other activities, including cement, clothing and retail, employing 3,500 people.<sup>49</sup> The fourth and final way in which new enterprises have been established is through foreign investment. The scope for foreign investment has been episodically increased since the mid-1980s leaving relatively few areas of the economy totally restricted though regulation remains high. From milk production in Shanxi Province, to luxury wool production in Qinghai Province, to manufacturing in Jiaocheng (Shanxi) and Hangzhou, and retail and services in Qionghai (Hainan Province) foreign investment has occurred where there are economic opportunities and known relations to the local economy. Somewhat confusingly, state sector enterprises, TVEs, collective sector enterprises, share-based companies, limited liability companies, and private companies have all established joint venture operations with external partners. There is equally a variety of ownership relationships attending these foreign funded enterprises. Though all have entrepreneurial managers, in many cases they are not the originator of the idea leading to cooperation.

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48. Susan Young *Private Business and Economic Reform in China* New York: M E Sharpe, 1995; Ross Garnaut and Ligang Song *China's Third Economic Transformation: The Rise of the Private Economy* London: Routledge, 2003; Bruce J Dickson *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* Cambridge University Press, 2003.

49. Liu Liping et al (ed) *Zhongguo dangdai qiyejia mingdian - Shanxi tao* (Contemporary Entrepreneurs in China- Shanxi volume) Beijing: Gongren chubanshe, 1989, p.302.

The entrepreneurs who have led and been central to these developments are not then readily defined as owners, as one might have expected from other similar processes in other countries at other times, not least because the very concept of ownership is more than a bit confused in this context.<sup>50</sup> Legal ownership is far less a crucial consideration to the economic power wielded by an individual than their control and management of wealth and resources. The new entrepreneurs are then a complex and not a simple social category, including not only owner-operators in the private sector but also managers of state-sector enterprises, collective-sector enterprises, limited liability companies, share-based companies, foreign-invested and foreign-owned enterprises, as well as former private business entrepreneurs who have further developed their enterprises with state and business partners, and oftentimes confusing combinations of these various sub-categories.<sup>51</sup> This is not though to say that in the process of being an entrepreneur the individual is not able to acquire significant personal income and wealth.

Of course by no means all of the new entrepreneurs to have emerged during the last three decades can be regarded as the new local economic elite. Some have been disastrously unsuccessful entrepreneurs, some have generated relatively moderate wealth by the standards of the time and place, and others have been less interested in wealth creation than a degree of self-realisation and self-determination. At the same time it is clear that from the ranks of the new entrepreneurs have come those who were not just comfortably well-off by the standards of their local economy when interviews were conducted, but were clearly the rich and the super-rich. The new economic elite are those who control and manage significant wealth and resources; as well as those who have large incomes, large real disposable income, and considerable personal wealth. Oftentimes in practical terms it is easier to identify interviewees as members of the local economic elite by their personal income and lifestyle, and as a rule of thumb in each locality the threshold has been taken to be a declared personal income at least twelve times the annual average income per capita for that locality.<sup>52</sup>

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50. Barry Naughton *The Chinese Economy: Transition and Growth* MIT Press, 2007, p.68.

51. Victor Nee 'Organizational Dynamics of Market Transition: Hybrid Forms, Property Rights, and Mixed Economy in China' in *Administrative Science Quarterly* 31, 1992, p.1.

### **Social histories of entrepreneurs**

In the interviews which have been undertaken to date during 2009 and 2010, entrepreneurs have described their family's background in 1949 in terms of nine social categories from the pre-PRC era: landlords, bourgeois capitalists; managers; administrators; intellectual; peasant; worker; soldier; and revolutionary (someone who actively participated in CCP activities before 1949). They described their (some of the interviewees had already been in the workforce thirty years ago) or their family's background in 1979 in terms of seven social categories from the era of state socialism: cadre; manager; administrator; intellectual; peasant; worker; soldier. These are categories that were derived from the results of interviews, they were not used to question the interviewees, and in time it may be possible or desirable to create more refined categories or sub-categories.<sup>53</sup>

Altogether when backgrounds from 1949 and 1979 are combined it is theoretically possible in terms of these social categories that there might be 63 different ways of becoming a member of the

economic elite in 2009. In practice almost all those interviewed to date were from a revolutionary, peasant or ruling class background in 1949. There are six most common two generation pathways to 21<sup>st</sup> local economic elite status, occupying more than four-fifths of the current sample: revolutionary in 1949, cadre in 1979; peasant, cadre; landlord, intellectual; revolutionary, manager; peasant, manager; landlord, peasant. The following sections provide representative examples of each of these social histories. At this stage it is too early to be certain but it seems possible that differences in scale of enterprise (as between large and middle-sized firms on the one hand, and small and medium enterprises on the other) and different sectoral economic development (between retail and service industry, and extraction and manufacturing) may be explained in terms of different two generation family trajectories. For the moment though this kind of analysis has not been attempted.

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52. There is nothing logical or essential about this ratio. In observations since the early 1990s in different parts of China it has seemed that members of the local economic elite earn in a month what the average income earner in that locality earns in a year.

53. Necessarily where interviewees are describing their parents they will describe two families, and where describing grandparents they will respond in terms of four initial families coming together. Unless the interviewee indicated through their responses that they see the maternal family relationship as more important, the paternal family line is privileged. Most of the social categories are easily operationalisable. The exception is that of ‘revolutionary’ in 1949, which is a socio-political rather than a socio-economic category, made significant by the state classification of 1950 and political campaigns during the first thirty years of the PRC. There is sometimes a question of overlap with other socio-economic categories, and in determination of background in 1949 the category of ‘revolutionary’ has been privileged.

Entrepreneur 606’s father was a revolutionary in 1949 and a cadre in 1979. Entrepreneur 606 has developed a significant role in the beauty industry in her home town, opening not only a series of cosmetic surgery clinics but also training schools throughout the region.<sup>54</sup> Entrepreneur 606’s father was a CCP soldier elsewhere in the country during the late 1940s who came to her home town in the early 1950s and met and married Entrepreneur 606’s mother. Settling there he became a local leading cadre, and though criticised during the Cultural Revolution had been rehabilitated by the late 1970s.

Entrepreneur 606 studied to be a doctor in the provincial capital’s Medical University, where she worked for several years, specialising in the surgical department. At that time she married someone from her home town, whose father was a carpenter and whose mother was a factory worker. They had two children. Entrepreneur 606’s husband worked overseas for a while and they were able to save enough money to invest in a new business in their home town. They decided to develop a cosmetics business with an initial outlay (1988) of 60,000 *yuan* RMB. Annual turnover (2010) is now 6 billion *yuan* RMB.

Entrepreneur 606 is proud of her achievement: ‘When I first started the business there were only three people in the business. Now I have fifty people working for me. I have to look after more people and take care of more things.’ Entrepreneur 606 was originally a member of the CCP (1985) but after a while she stopped paying her dues and was told informally that her membership had lapsed. She has though been elected a member of the local people’s congress, where she has argued successfully for more primary school places. She has also been recognized as a provincial Model Woman and recognized by the government as an expert in the development of the cosmetics industry.

Both Entrepreneur 541’s paternal and maternal grandparents were revolutionaries in 1949, and his father was manager of a state-owned enterprise in 1979.<sup>55</sup> Entrepreneur 541’s two grandfathers had

both been from landlord families and joined the CCP in their native places in North China during the Sino-Japanese War. After 1949 one (his mother's father) became director of a state-owned machinery factory, and the other (father's father) a state farm manager. Entrepreneur 541's father was a manager of a state-owned enterprise in the late 1970s but had not himself joined the CCP. Entrepreneur 541 is the youngest of four children, and the only son. He was born after 1979 and remains single. Like his father he has not joined the CCP.

Entrepreneur 541 became an entrepreneur while still an undergraduate student studying Art Design at the China University of Geosciences. His speciality is on-line shoe sales, though originally he sold clothes as well as shoes. He does not produce shoes, but provides the retail outlets for manufacturers. When he started he found he could make about 3,000 *yuan* RMB a month, which he then thought was quite good as a student and it convinced him to continue in business. He returned to his home after graduation and opened three shoe shops for separate investments of 60,000 *yuan* RMB (the most downtown), 30,000 *yuan* RMB and 40,000 *yuan* RMB. This was followed by a rapid expansion with shops opening in Wuhan, Huhhot, another major city in the same province as his home, and another shop in his home city. By 2007 he had a claimed annual personal income of 10 million *yuan* RMB.

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54. Interviewed 14 July 200.

55. Interviewed 4 Aug 2010.

The economic crisis of 2008 provided a slight hiatus in his financial development and led him to put more resources into on-line shoes sales which have proved to be wildly successful. In addition, Entrepreneur 541 has been able to open new shops in his home province and elsewhere in China.

Entrepreneur 304 has been included in this survey not because their family's sixty year experience is necessarily an example of one of the most common two generation social histories, but because of its international connections. One of the locations for research is Zhongshan and it might be assumed that there would be considerable international connections (family born overseas, patterns of migrations, transfer of knowledge and experience, even overseas funding) for its entrepreneurs. That has indeed proven to be the case with many of the interviews already conducted there. At the same time it is also clear that Zhongshan apart many of the other entrepreneurs interviewed to date also have international dimensions to their family's background. Entrepreneur 304 is not based in Zhongshan.

Entrepreneur 304's paternal grandfather was indeed from a revolutionary background in 1949 but in Malaysia, rather than in China, where he was a member of the Malaysian Communist Party.<sup>56</sup> Entrepreneur 304's paternal grandfather had gone to Malaysia from Hainan during the Sino-Japanese War. The maternal grandfather, whose family was originally from Fujian, had started out as a bicycle repairer, though later on he came to own a bicycle shop. He later expanded to own a white goods shop, rubber plantation, a palm tree plantation, and finally a palm oil factory. Entrepreneur 304's mother is Malaysian Chinese and the father is Chinese from Singapore. They both came to China in 1954, answering Mao's call for Overseas Chinese to return to 'construct the motherland,' though according to Entrepreneur 304 additionally 'Dad came to China to escape the military service.' Neither parent joined the CCP nor did Entrepreneur 304's father study political economy at Xiamen University, working in the Xiamen Business Bureau after graduation. Entrepreneur 304's parents were uneasy in the PRC because of the political situation and moved to HongKong in the 1980s. All her siblings now live there.

Despite growing up in Fujian of Overseas Chinese parents, Entrepreneur 304 sees herself as a Hainanese. She has made her money in a clothing company, which has now developed a separate company to publish a well known fashion magazine, and a charity. Entrepreneur 304 did not go to

university and started work when she was 14. In 1980, she started working in her uncle's company in Hong Kong as a blue-collar worker. In 1986 she started work as a secretary in the business of which her father was general manager. In 1988 Entrepreneur 304's uncle, who is a Malaysian Chinese entrepreneur, set up a business in the PRC and Entrepreneur 304 became the marketing manager. Entrepreneur 304 states that he is the main influence on her activities: she wants like him to be a 'pure business person who is completely uninvolved in politics.' While doing business in her current home town in 1994, she met her second husband and they married in 1997. This husband had been a police officer and was moving into the export trade. Both he and his father (Entrepreneur 304's father-in-law) had been CCP members. Entrepreneur 304 opened the clothing company with her husband's encouragement in 2001. This was so successful that when she established the magazine in 2004 she was able to investment 500,000 *yuan* RMB of her own money. Entrepreneur 304 has also established a Women's Fashion Saloon that engages in not-for-profit activities, such as organising for urban children to donate their books once read to rural children.

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56. Interview 26 July 2009.

### *The Peasantry of 1949*

Entrepreneur 601's family were peasants on both sides in 1949, and his parents were both party-state cadres in 1979. He is a major real estate developer in his home town, where he and his family have always lived.<sup>57</sup> In the 1980s his parents both became leading cadres in the local Taxation Office. Entrepreneur 601 joined the Taxation Office himself in 1987 after graduation, but after having worked there for seven years he could see that many individual business people made a lot of money in private enterprise, especially compared to the public service job he occupied. Entrepreneur 601 resigned his job and went into business with a couple of friends. By March 2001 he was ready to branch out on his own, and invested 1.9 million *yuan* RMB of his own funds into setting up a real estate construction and land development business. The company has grown from eight office staff to over a hundred with a number of subsidiary companies involved in land development, construction and sales. In 2009 the annual turnover was in excess of 2 billion *yuan* RMB.

Entrepreneur 601 joined the CCP in 1991 while still working in the Taxation Office but he is adamant that there is no leadership or financial relationship with government, though he does find that the government always makes informal suggestions and helps enterprises. 'I am not a member of the local people's congress but I am a CCP member, and a member of many associations such as the local private enterprise council, and the local real estate association, as well as vice chairman of the chamber of commerce for the urban district where I work.' Entrepreneur 601 is proud of his participation in community service including support for charity walks and fund-raising for disaster relief. He has been recognized as a model member by the CCP, and a model entrepreneur by the local government. Entrepreneur 601 has also served as a 'public supervisor' (*jianduyuan*<sup>58</sup>) appointed externally to oversee the work of the Bureau of Industrial and Commerce.

Entrepreneur 308 comes from a similar background in general terms to Entrepreneur 601. His father's father was a peasant in 1949, though his father was an officer in the military who was demobilized in 1979 and went to work in one of the large national state corporations in Tianjin.<sup>59</sup> Entrepreneur 308 had moved to the city where he now lives when his father was posted there during his

military service. Entrepreneur 308's father was a member of the CCP, as was his wife's father who in 1979 had been a department director in the local railway bureau despite having had parents in turn who were landlords in 1949. Entrepreneur 308 has two younger brothers and two younger sisters, three of whom work in the same national state corporation where their father had been employed, though in offices in Beijing and Shanghai, as well as Tianjin. Their salaries range from 70,000 to 200,000 *yuan* RMB per annum.

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57. Interviewed 5 July 2010.

58. This is role assigned to prominent members of business communities designed not only to improve the performance of public administration, but also bring officials and business people into closer orbits. See: Minglu Chen 'Women, enterprises and the state' in John Garrick (ed) *Wealth, Power and Law Reform in the People's Republic: China's Quiet Revolution?* Abingdon: Routledge, 2010, p.223.

59. Interviewed 27 July 2009.

Entrepreneur 308 is the managing director and largest shareholder in a publicly listed construction company that grew out of a collectively-owned supply and marketing cooperative, of which Entrepreneur 308 had been the party secretary and director. The cooperative became a share-based company in 1994 with employees allowed to own shares, but in 2001 the collective withdrew from share-holding selling their shares to the members of the board of directors. Entrepreneur 308 initially owned only 7 per cent of shares but he now has 30 per cent, with 45 per cent held by other members of the board and 25 per cent held by other individuals. The company now employs 2,500 people and is worth 'several billion' *yuan* RMB. One of Entrepreneur 308's brothers is a designer who joined the company in 2007 as deputy general manager and is in charge of operations.

Entrepreneur 308 joined the CCP in 1985 and is a delegate to the people's congress of the city where he lives. He is also a member of the standing committee of the city federation of industry and commerce, vice chairman of the city chamber of commerce, and a member of the standing committee of the city private enterprise association. Entrepreneur 308 is proud that as a delegate to the people's congress he was able to propose that the city build a subway system, a proposal that has been accepted. He has been recognized as a model city and provincial worker, entrepreneur, and philanthropist; and has been appointed as a 'public supervisor' for the city tax bureau, the city people's court, and the city industrial and commercial administrative bureau. Entrepreneur 308 was late in coming to higher education. After graduating from the city party school in 1990, he studied for an undergraduate degree in business administration at one of the universities in his home town, and then for a master's degree in Scientific Socialism and CCP History at another. He was a part-time lecturer at this second university for four years, and then completed a Doctorate in Business Administration from Victoria University of Switzerland in China in 2009.

Born in 1941, Wang Hai (Entrepreneur 320) was the child of peasants in 1949, who was himself manager of a state-owned enterprise in 1979.<sup>60</sup> By 2009 he had become the General Manager of the *Shuang Xing* shoe company in Qingdao. The company had originally been established by the Japanese in the early 1920s. After 1949 the company became a state-owned enterprise. In 1996 the company became a share-based company with the Qingdao People's Government owning 20 per cent of shares, and 80 per cent of shares being tradeable. The company currently employs around 30,000 people. Wang Hai was born in rural Shandong but not Qingdao. His grandfathers had also been peasants though his father's mother had come from a landowning family. Wang Hai joined the People's Liberation Army

\*PLA+ and became a CCP member, following in his oldest brother's steps who had joined the Communist forces in 1937. Altogether he had nine siblings (five brothers and three sisters) and all but his oldest sister became CCP members. Wang Hai's father also became a member of the CCP. Wang Hai and his wife had grown up in the same village and were introduced to each other by a matchmaker when they were still young. They have a son and a daughter, both married; his son is a member of the CCP. Wang Hai has some admiration for Buddhism and has built a large Buddha modelled on his own looks at the company's residential village near Qingdao.

### ***The Ruling Class of 1949***

Both Entrepreneur 540's grandfathers had been landlords in 1949, one in a rural district near the provincial capital, the other in a county some way to the south.<sup>61</sup> His father was a production brigade accountant in 1979, though both Entrepreneur 540's parents had been village cadres and CCP members before the Cultural Revolution: his father had served for some time as the 'responsible person' of a local people's commune in the county that was his family's ancestral home. Entrepreneur 540 has five siblings and he moved to the provincial capital from the county town when he entered the workforce after completing high school.

Entrepreneur 540 runs a rare earths alloy manufacturing plant, that was established in 1995. In 1985 he decided to start off in business on his own by dealing in scrap metal, having borrowed 300 *yuan* RMB from one friend and 600 *yuan* RMB from another. His goal, he says, was to accumulate a certain amount of money and also to move to a new level of achievement each year. At the same time he acknowledges 'the business process is one of difficulties interspersed with luck.' In 1990 he set up a metals sales business, which was highly successful; and in 1995 he had the idea to establish a silicon-magnesium alloy plant.

Progress was good for ten years but basically undercapitalised, so in 2005 he found another four shareholders and restructured the company. Entrepreneur 540 is now the junior shareholder in the company he established but is the general manager. The company has grown exponentially, fuelled by international as well as domestic demand for their product, and now has several expansion tanks (a central part of the manufacturing process here.) In interview he was unable to put a precise value on the business but talked in terms of several billion *yuan* RMB.

Since 1990 Entrepreneur 540's wife has worked with him as the company accountant. He has four children and is very proud that they have all been able, unlike him, to undertake higher education. The eldest daughter is a medical university graduate student; the second daughter is at Tianjin University; the third daughter is at a normal college; and the youngest, a son, is at a police academy.

Entrepreneur 605's paternal grandfather was from a landlord family in Jiangxi, who left his hometown to look for work in the late 1940s after an education in an 'old-style private school.'<sup>62</sup> In 1979 Entrepreneur 605's father was a senior engineer in a ship factory. Entrepreneur 605 has several companies that produce electronic components and machinery to produce electronic components in her home town. Though she is a Han Chinese, her husband is a Zhuang, from Guangxi. His parents were village leaders in 1979, and like her father, were both members of the CCP.

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60. Interviewed 3 August 2010.

61. Interviewed 9 July 2010.

Entrepreneur 605 became a worker in a joint venture foreign-funded electronics factory, in her home town, in 1979 after graduating from high school. It was in this factory that she met her husband, and where (in her view) she learnt her skills. In 1995 she established her first company producing electronic circuits for printers, and with a sideline of producing related products, such as film and ink. She later branched out into the production of other electronic machinery, including fire safety equipment and laser printers. Entrepreneur 605 is very proud of her ability to make things happen and her success: ‘Originally when I set the company up it did not meet the government’s requirements legally or financially. I only had 10,000 *yuan* RMB, and according to government policy, registration required 70,000 *yuan* RMB. I registered the company at the time, but later had to pay the other 60,000 *yuan* RMB that I’d promised.’

Nowadays annual turnover is about 4 billion *yuan* RMB. Originally the company only had twelve people in total working there, but has now grown to several hundred, and has moved from producing electronic components to production line development.

Entrepreneur 605 continued with her education in the mid-1980s when she attended the local broadcast education college and studied business management. She has two children: a son, who is the eldest, studying at London University; and a daughter at the local high school. Entrepreneur 605 has been recognized as a local and provincial model entrepreneur, and has been invited to be a ‘public supervisor’ for the the city bureaus of taxation, industry and commerce, and public security.

### **Patterns of social mobility**

This is a report on research in progress. Nonetheless, it is possible to begin developing hypotheses about both the family backgrounds of today’s local economic elite, and patterns of social mobility more widely. In particular, research to date strongly suggests the limits and extent of social mobility under the PRC. While the extent to which today’s leading entrepreneurs have emerged from the party-state has been fairly well documented elsewhere, the extent to which those interviewed here had parents who were also based in the party-state is somewhat more revealing, if not totally unexpected. Similarly, the extent to which the family background in 1949 of those interviewed in this project determined their family’s life chances over the next thirty years confirms all other research on this topic.

The possibility (based on the evidence of this project to date) that the majority of today’s local economic elite are drawn from those who have either a revolutionary or ruling class background in 1949, is also not entirely unexpected. In some cases that have not been provided by way of example here, there were family members of exceptionally high status. These include people (usually grandparents) who during the late 1940s were a provincial governor,<sup>63</sup> a famous Shanxi banker,<sup>64</sup> and an advisor to Li

Zongren.<sup>65</sup> On the revolutionary side there was a grandparent who had been a local CCP cadre in the Jin-Cha-Ji Base Area, and later become a secretary of the CCP provincial committee in Guizhou and a Deputy Minister of Foreign Affairs. Interestingly his son (the interviewee’s father) was involved in the management of economic affairs locally and joined the China Democratic League rather than the CCP.

<sup>66</sup> On the other hand, the extent to which those members of the current local economic elite interviewed to date for this project are descended from an individual family member during the late 1940s whose background was in both the ruling class and the ranks of the revolutionaries is somewhat more remarkable. This is a preliminary finding to be watched carefully as the project develops.

62. Entrepreneur 557, interviewed 10 June 2010.

From the interviews to date it also appears that the new economic elite are largely native to the area where their enterprises are established; less likely than their parents to be members of the CCP; and most likely to have more than one child, especially if their first born is not a son. Though education is clearly important for the development of higher technology companies, on the whole the level of educational achievement is not high. At the same time, many of the new economic elite clearly value the benefits higher education brings and often return to studies and obtain part-time university teaching positions.

Against this apparent low knowledge base, there would seem to be many entrepreneurs whose families have an earlier history of being involved in business. In terms of knowledge, skills and experience it is noticeable that many of the entrepreneurs interviewed also had a family with international connections: family members who had lived and worked in business overseas, histories of migration in both direction, and even of those who had gone overseas to study and returned home.

Particularly given the extent of completed research and the exploratory nature of these conclusions it seems safer to focus on comments about the background of the new economic elite rather than consider matters of social mobility more generally. Nonetheless, two observations seem in order, not least in order to assist further research. One is the evidence that the interviews seem to reveal about the politics of marriage at elite levels in the early period of the PRC. The early 1950s were a period of change and uncertainty.

Unsurprising then that the landed elite of the pre-1949 society should try to ensure connections with the new revolutionary elite, and vice versa, especially through marriage. Landed families seem to have moved to ensure their daughters married incoming CCP cadres. Even ordinary CCP soldiers who were previously peasants were provided with the opportunity to marry the daughters of land-owners by these changed circumstances. These marriage politics are even likely to have extended beyond the elite. One entrepreneur interviewed recently had grandparents on either side of his father's family who were separately both KMT and CCP activists in 1949.<sup>67</sup> Clearly, these marriage politics would be one explanation for the dominant patterns in pre-1949 family backgrounds found amongst today's economic elites.

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63. Entrepreneur 512, interviewed 30 July 2010.

64. Entrepreneur 530, interviewed 13 August 2010.

65. Entrepreneur 519, interviewed 23 June 2010.

66. Entrepreneur 323, interviewed 17 October 2010.

The second more general observation is about status and family narratives. The way the interviewees have talked not only about their immediate families, but also those of their spouses (wives as well as husbands) and the activities of individuals in those families suggest that these are important reference points. Fathers-in-law and grandfathers-in-law have been mentioned almost as much as parents, and (where appropriate) grandparents. One entrepreneur talked about his wife's mother: 'she was from a big family and was brought up in Shanghai. Her grandfather was director of the Shanghai Bank of Communications before the PLA Liberation. The whole of Zhenjiang Road used to belong to her family.'<sup>68</sup> Another told the story of a maternal uncle who headed the CCP committee of the provincial capital in the province where they lived.<sup>69</sup> A third spoke of his wife's grandfather who was a 'hillbilly who married the daughter of an engineer and a leading light in the local CCP.'<sup>70</sup> These

statements all indicate the importance not only of the status aspirations of the new economic elite, but also of the stories that families tell themselves about who they are, where they are from, and what they can achieve. There are many such stories of past glories in the interviews with the new economic elite. Further research will explore the extent to which family narratives are drivers of individual behaviour, and the extent to which this is a general phenomenon.

A final, if again preliminary note, is to emphasise the long term interaction between economic and political elites that the interviews to date have highlighted. Recent research by others has emphasised that interaction during the last thirty years as the economy has grown and developed. The evidence of the interviews presented and reported on here is that this relationship is in the general sweep of things nothing new.

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68 Entrepreneur 317, interviewed 30 July 2010.

69 Entrepreneur 557, interviewed 10 June 2010.

70. Entrepreneur 564, interviewed 1 June 2010.

Source: *China Studies*, 2014.

# PEOPLE'S REPUBLIC OF CHINA ELITE STUDIES: A REVIEW OF THE LITERATURE

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**Abstract:** This article is concerned with analysis of political change in the People's Republic of China (PRC). The purpose is to examine methodologies that will contribute to the development of advanced approaches that will in turn allow better predictions about political progress and stability. Political change in the PRC in recent years has defied explanation, much less prediction. Scholars have applied models, projected trends, developed intuitive hypotheses, and used nearly every social science methodology available to make sense of the events of the Chinese Communist movement. To say that the topic of political change in China is important and has serious implications throughout the world is clearly an understatement. Whether used as a model within other nations or as a factor in inter-nation relationships, what is happening in China demands attention.

One of the most illuminating approaches to the study of politics in China has been elite analysis. By definition elites are those who manipulate power, and that power is the essence of the political process.<sup>1</sup> But once elites are selected as the focus of attention there are still major methodological questions that must be answered depending in part on the purpose of study. If our purpose is limited to the prediction of succession or which policy or range of policies is likely to prevail over the short run, then a relatively narrow focus on elite conflict is useful. This approach can say little, however, about the long range maturity and stability of the political system. If the concern is more than what domestic or foreign policy is likely to result from the prevalence of one individual or group, then a more fundamental analysis of the political processes and the political environment must be included. This means movement from a factional politics model to some form of bureaucratic model.<sup>2</sup>

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1 Robert A. Scalapino, "Introduction," in Robert A. Scalapino, ed., *Elites in the People's Republic of China* (Seattle: University of Washington Press, 1972), p. Vi.

2 For factional models see Gabriel A. Almond, "Interest Groups and the Political Process," in Roy C. Macridis and Bernard Brown, eds., *Comparative Politics: Notes and Readings* (Homewood, Illinois: The Dorsey Press, 1968), pp. 181-197. Also see H. Gordon Skilling, "Interest Groups and Communist Politics," *World Politics* 3 (April 1966), pp. 435-451. For the bureaucratic model see Max Weber, *The Theory of Social and Economic Organization*, trans. by A. Henderson and T. Parsons (London: William Hodge, 1947).

A factional model is defined by its focus on groups of elites in conflict within a single political system. The model stresses analysis of the groups to determine what characteristics of group members might suggest group attitudes or behavior patterns that can be correlated with policy outcomes. A bureaucratic model, on the other hand, focuses on institutions and formal roles within institutions to identify changing characteristics and relationships of roles that might suggest conclusions about institutional adaptability to or stability in changing political environments. This model can also organize data to be compared with a Weberian ideal-type bureaucracy to explain and predict bureaucratic behavior.

Whether one selects the factional or bureaucratic model to organize data, the subject matter must be elites and the method elite analysis. Gordon Bennett divides elite analysis into four variables: the environment (to include the time dimension), the issues, the nature of the elite, and the political outcomes of elite conflict.<sup>3</sup> A fifth variable, the decision-making process, should be added.

Each of these variables includes sub-sets of variables, and most scholars to this point have focused on the sub-sets, one or more of the five variables, or on relationships between the variables. There is no agreement as to which combination produces the best insights or predictive capacities. It is clear, however, that single factor analysis or reductionist approaches have not produced valuable conclusions, although most have developed and organized essential data that contribute significantly to more eclectic approaches.

A critical problem still to be resolved is one of level of analysis. Most approaches can be considered micropolitical analysis, but some scholars have begun to move into the level of middle-range theory and macro-political analysis. The hope of someday reaching a general theory is still open, but in the meantime middle-range theory or macro-analysis based upon data from earlier micro-analyses has contributed significantly to our understanding of politics in China. Perhaps the most fruitful approach would fall into the category of "middle-range theory and hypothesis of intermediate scope."<sup>4</sup>

## **Review of the Literature**

Clearly some scholars work from a narrower data base than others. It is difficult, however, to categorize research efforts by the scope of the data base. It is possible to separate works by the degree of focus on particular variables, variable sub-sets, or relationships between variables. It is also possible to break them down by complexity as measured by the number of variables or relationships considered. Finally, most works can be distinguished by whether they fit into a general factional or bureaucratic model of political analysis.

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<sup>3</sup> Gordon Bennett, "Elites and Society in China: A Summary of Research and Interpretation," in Scalapino, *Elites*, pp. 3-37.

<sup>4</sup> Scalapino, *Elites*, p. v.

At the least complex end of the scale are works on individual elites. These studies assume, often correctly, that the individual under study exercises significant influence over politics and that an understanding of the background, behavior, and attitudes of that person will clarify political policies. The best examples are the detailed biographies on Mao Zedong (Mao Tse-tung),<sup>5</sup> Lin Biao (Lin Piao),<sup>6</sup> Zhou Enlai (Chou En-lai),<sup>7</sup> and Liu Shaoqi (Liu Shao-ch'i).<sup>8</sup> A major weakness of these studies is the lack of explanation for more general political change and the rapid obsolescence of the work when the individual elite member is removed from the political scene by purge or death.

At a slightly more complex level are the scholars who attempt to categorize groups of elites who influence policy based upon similar attitudes (factions), similar organizational interests (interest groups), or upon some type of personal relationships (cliques).<sup>9</sup> The search is for some commonality in the group's background that is likely to cause predictable political behavior or relationships. These categories also range from very simple to very complex. The least complicated are the elite groups defined by scholars in Taiwan based upon left or right leanings; they include the dichotomies between radicals and moderates, reds or experts, the cultural revolution group (Jiang Qing [Chiang Ch'ing] faction), or Old

Cadres Group (Deng Xiaoping [Teng Hsiao-p'ing]/Zhou Enlai).<sup>10</sup> Yao Meng-hsuan is representative of this group of scholars.<sup>11</sup>

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5 See Jerome Chen, *Mao and the Chinese Revolution* (London: Oxford University Press, 1965); Stuart Schram, *Mao Tse-tung* (New York: Simon and Schuster, 1967); Robert J. Lifton, *Revolutionary Immortality: Mao Tse-tung and the Chinese Cultural Revolution* (New York: Random House, Vintage Books, 1968); Robert Payne, *Portrait of a Revolutionary: Mao Tse-tung* (New York: Abelard-Schuman, 1961).

6 Martin Ebon, *Lin Piao: The Life and Writings of China's New Ruler* (New York: Stein and Day, 1970); Thomas Robinson, *A Politico-Military Biography of Lin Piao, Part I, 1907-1949* (Santa Monica, California: Rand Corporation, 1971); Michael Y. M. Kau, ed., *The Lin Piao Affair: Power Politics and Military Coup* (White Plains, New York: International Arts and Sciences Press, 1975).

7 Kai-yu Hsu, *Chou En-lai: China's Gray Eminence* (Garden City, New York: Doubleday, 1968).

8 Lowell Dittmer, *Liu Shao-ch'i and the Chinese Cultural Revolution: The Politics of Mass Criticism* (Berkeley: University of California Press, 1974).

9 For useful definitions that distinguish factions, interest groups, and cliques, see John B. Starr, "From the 10th Party Congress to the Premiership of Hua Kuo-feng—the Significance of the Colour of the Cat," *China Quarterly* 67 (September 1976), pp. 480-484.

10 Found in numerous articles in the journals *Issues and Studies* or *Da Lu Yan-jiu* (Ta Lu Yen-chiu).

11 Meng-hsuan Yao, "The Chinese Communist Internal Struggle During the Power Transition," Paper presented to the Fifth Sino-American Conference on Mainland China (Taipei, Taiwan, June 1976).

One of the most important problems with this approach is identifying the members. For example, in nearly all of these descriptions Hua Guofeng (Hua Kuo-feng) was identified as a radical and should have been purged in 1976 when the group leaders were purged. Instead he became Premier and Chairman of the Party. Nonetheless, these analyses can be useful in the larger examination of elite conflict at the national and provincial levels because they help to clarify the issues.

Ralph Powell has also divided the groups in terms of simple dichotomous power relationships. He pits Lin Biao and his party-soldiers against all others who gain support "within the party apparatus or from party members in government or mass organizations."<sup>12</sup> Richard Thornton suggests a similar dichotomy, but the two poles are Mao (and his friendly factions) and all others.<sup>18</sup> John Starr has suggested another dichotomy based on work style (eclecticism versus dialectic) that provides another underlying principle for differentiating leadership categories.<sup>14</sup> PRC analysts also focus on dichotomous relationships.<sup>16</sup> The classical Maoist analysis is in terms of class background: bourgeois versus proletarian. Elites are also divided by their stand on current policy. There are those revisionists who take the capitalist road versus those who follow the correct party line.

The problem with dichotomies is twofold: they are always black and white by definition when the real world includes many shades of grey, especially in Chinese politics where a shade of grey is perceived or interpreted as black at one point in time and white at another point. The second problem is the difficulty of assigning more than the top few who make public speeches or whose background is well known to one of the groups. For example, in the frequently discussed dichotomy of party versus army, there are real problems in identifying the members of each group. Most key army elites are also party

members and many party cadres have extensive military experience. Neither party nor army is monolithic; seldom do all members of the High Command agree on any given issue, even those dealing with the role of the military.

Ting Wang defined three categories of leadership elites by adding a "career military" to the Jiang Qing (radical) group and the Zhou Enlai (moderate) group.<sup>16</sup> This approach also introduces notions of personal power relationships into the equation rather than relying on simple adherence to similar positions on policy issues. Kenneth Lieberthal reduces the elites to three similar groups-Peking Group, Shanghai Group, and Military Group<sup>17</sup>-which are based primarily on issues.

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12 Ralph Powell, "The Increasing Power of Lin Piao and the Party Soldiers, 1959-1966," *China Quarterly* 34 (April/June 1968), pp. 40.

13 Richard Thornton, "Teng Hsiao-p'ing and Peking's Current Crisis: A Structural Interpretation," Paper presented to the Fifth Sino-American Conference on Mainland China (Taipei, Taiwan, June 1976).

14 Starr, "From the 10th Party Congress," pp. 487-488.

15 See almost any issue of the journals *Beijing (Peking) Review* or *Renmin Ribao (Jenmin Jihpao)*.

16 Ting Wang, "The Succession Problem," *Problems of Communism* 22 (May/June 1971), pp. 13-24.

Michel Oksenberg and Steven Goldstein develop four groups.<sup>18</sup> Members of the groups are identified by the policy position taken on what is assumed to be the key issue-how to deal with the West on modernization. The four categories are: (1) militant fundamentalists who believe in total isolation from the outside world; (2) radical conservatives whose concern is Chinese independence from outside influence; (3) eclectic modernizers who promote self-reliance but allow more contact with the outside world; and (4) westernized Chinese who want maximum contact with technologically advanced nations.

All of the above groups are identified by current stands on policy issues, work style, or personal relationships. An increasing number of analysts have attempted to identify groups based upon past identity-forming experiences. The hope has been to correlate elite recruitment or mobility with environmental factors, elite conflict over issues, political styles, or policy outcomes. These approaches require the assembly of detailed biographic data that are generally available for senior elites but become sparse at lower elite levels.

Gordon Bennett searched for commonalities in elite appointments by focusing on five types of elites competing for party secretary posts in the provinces: (1) insiders (localists) versus (2) outsiders, (3) military versus (4) civilian background, and (5) military region or field army affiliations.<sup>19</sup> His conclusions focused on organizational change (militarization of politics) and policy implications (movement toward revolutionary innovation).

George Sung also categorizes elites at the province level in the hope of finding some commonality among those appointed to key positions.<sup>20</sup> He correlates eight factors: (1) date party committee formed; (2) changes in CCP or government leadership; (3) appointments of second secretaries; (4) field army affiliations; (5) insiders versus outsiders; (6) historical power base of field army system; (7) generation differences; and (8) military versus civilian background. His conclusion is that the military region has become a new center of corporate loyalties and that past field army affiliations have decreased in importance. He suggests that the Center has begun to worry about the development of regional power centers.

Paul Godwin categorizes elites by career pattern (military, civilian/military, and civilian) and by examining appointments to key party and government organizations at the province level over time.<sup>21</sup>

He reaches conclusions about the degree of PLA control over the political process. Godwin is also representative of those who focus primarily on elites in a single institution (i.e., the PLA); others with this focus include Ellis Joffe, 22 John Gittings, 23 Jiirgen Domes, 24 and William Whitson.<sup>25</sup>

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17 Kenneth Lieberthal, "China in 1975: The Internal Political Scene," *Problems of Communism* 24 (May/June 1975), pp. 1-11.

18 Michel Oksenberg and Steven Goldstein, "The Chinese Political Spectrum," *Problems of Communism* 23 (March/April 1974), pp. 1-13.

19 Gordon Bennett, "Military Regions and Provincial Party Secretaries: One Outcome of China's Cultural Revolution," *China Quarterly* 54 (April/June 1973), pp. 294-307.

20 George Sung, "China's Regional Politics: A Biographical Approach," *Asian Survey* 15 (April 1965), pp. 346-365.

William Whitson has developed relatively sophisticated categories of elites. His well-known field army system and generational categories are used by most scholars. He also notes that within these larger categories there are still other personal cliques or factions based on provincial origin, age, shared unit or battlefield associations, and school ties. He recognizes that in recent years the intensity and focus on field army loyalties has eroded, but that they remain "a significant factor, first in deciding Party as well as military personnel assignments and second in reaching compromises on national policy and regional policy implementation."<sup>26</sup>

Robert Scalapino's comparison of elites in the Eighth and Ninth Central Committees is an example of a detailed and systematic search for factors that might identify common attitudes or political behavior.<sup>27</sup> He carefully types elites by sex, age, place of origin, and several categories of socioeconomic background: petty bourgeois, petty intellectual, intellectual, military, poor peasant, middle peasant, rich peasant, gentry landlord, bourgeois, proletariat, official, and petty official. Noting that most elites have a background made up of combinations of these labels, he searches for similar combinations. He develops further categories based on education, party seniority, functional career patterns (party-administrative cadres, military cadres, and mass representatives), rural-urban experience, record of having suffered setbacks, and level in party or military hierarchy. Finally, he examines current indices of visibility and degree of cosmopolitanism as defined by foreign training, language, travel, or interaction with foreign visitors. The results of his efforts are excellent profiles of the types of leaders who are considered successful in Chinese Communist terms. While Scalapino avoided the pitfalls of factional politics models in his article, he did not take the next logical step of attempting to tie his elite types to political outcomes.

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21 Paul H. B. Godwin, "The PLA and Political Control in China's Provinces," *Comparative Politics* 9 (October 1976), pp. 1-20.

22 Ellis Joffe, "The PLA in Internal Politics," *Problems of Communism* 24 (November/December 1975), pp. 1-12. Also see Ellis Joffe, *The Chinese Red Army: Growth of Professionalism and Party-Army Relations, 1949-1963* (Cambridge, Mass.: East Asia Research Center, Harvard University, 1963).

23 John Gittings, "The Chinese Army's Role in the Cultural Revolution," *Pacific Affairs* 39 (Fall and Winter 1966-1967), pp. 269-289. Also see John Gittings, *The Role of the Chinese Army* (London: Oxford University Press, 1967).

24 Jiirgen Domes, "The Cultural Revolution and the Army," *Asian Survey* 8 (May 1968), pp. 349-363. Also see Jiirgen Domes, "Generals and Red Guards," *Asia Quarterly* (January 1971), pp. 3-32 and (February 1971), pp. 123-160.

25 William W. Whitson, "The Field Army in Chinese Communist Military Politics," *China Quarterly* 37 (January/March 1969), pp. 1-30. Also see William W. Whitson, "The Concept of Military Generation: The Chinese Communist Case," *Asian Survey* 8 (November 1968), pp. 921-947. Also see William W. Whitson and Chen-hsia Huang, *The Chinese High Command-A History of Chinese Military Politics, 1927-1971* (New York: Praeger, 1973).

26 Whitson, "The Field Army," p. 21.

27 Robert A. Scalapino, "The Transition in Chinese Party Leadership: A Comparison of the Eighth and Ninth Central Committees," in Scalapino, *Elites*, pp. 67-148.

Parris Chang and Harry Harding begin with issues and attempt to identify key elite groups that support or attack any given issue.<sup>28</sup> Chang ends up in factional politics analysis (radicals versus old cadres), but he also brings in the decisive role of key individual elites. He notes a chain of events in elite conflicts: that critical issues expose broad philosophical differences that eventually reduce to personal factors. His conclusion is that conflict is based not only on a struggle over principles (e.g., pragmatism versus ideological purity) but also on a struggle for power. Harry Harding's analysis leads to slightly different categories of elites. He suggests bureaucratic interest groups are the key. He notes sub-groups within key civilian and military categories. In the civilian bureaucracy he identifies party leaders, heavy industry managers, and economic managers. In the military he identifies the General Political Department, the General Staff, and regional commands as three elements within the military with different positions on issues. He notes that policy is formed through coalitions of these sub-groups. An important observation by both Chang and Harding is that there is no simple party-army dichotomy; that real political life is much more complicated.

Heath Chamberlain goes beyond mere categorization by attempting to correlate types of elites (by degree of identification with the new order and degree of identification with local interests—outside reds, local reds, and local whites) with organizational tasks (generalist, management, control, mobilization) over time.<sup>29</sup> He further breaks elite types down into: (1) sex, (2) age, (3) place of origin, (4) degree of urban exposure, (5) level of formal education, (6) foreign travel, (7) earliest participation in CCP, (8) revolutionary route, and (9) revolutionary task area (military/political/administrative). Chamberlain's sample is especially interesting.

He places the elites in three cities (Guangzhou [Canton], Tianjin [Tientsin], and Shanghai) into a single data base, and his conclusions help to explain center-municipal relations.

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28 Parris Chang, "Mao's Last Stand," *Problems of Communism* 4 (July-August 1976), pp. 1-17. Also see Parris Chang, "Mao Tse-tung and His Generals: Some Observations on Military Intervention in Chinese Politics," in Frank Horton, et al., eds., *Comparative Defense Policy* (Baltimore: Johns Hopkins University Press, 1974), pp. 121-128. Also see Parris Chang, "Provincial Party Leaders' Strategies for Survival During the GPCR," in Scalapino, *Elites*, pp. 501-539. Also see Harry Harding, "The Evolution of Chinese Military Policy," in Horton, *Comparative Defense Policy*, pp. 216-232.

29 Heath B. Chamberlain, "Transition and Consolidation in Urban China: A Study of Leaders and Organizations in Three Cities, 1949-1953," in Scalapino, *Elites*, pp. 245-301.

Lynn White's examination of Shanghai elites focuses on elite response to events. He describes groups not so much by past experience as by how they coalesce under modern crisis conditions. The assumption by all these approaches is that by identifying elite types that pervade, usually by sheer quantity, key policy-making or policy-implementing organizations, explanations and predictions about policy can be made. This group goes beyond background categorization and attempts to correlate the elite nature with other variables: issues, policy outcomes, historical periods, or organizational changes.

Data and conclusions based on these forms of micro-analysis add significant depth to our understanding of the Chinese political system and elite conflict within the system. They have provided a sound foundation for more complex efforts that can begin to tie more of the variables together. Nearly all of the approaches discussed above reach conclusions that are based upon some form of factional model of politics, although Bennett and Chamberlain touch briefly on elements of a bureaucratic model. They attempt to explain political change within the political system, not of the political system. It will require more effort along the lines of a bureaucratic model to move in that direction.

A number of scholars have chosen the bureaucratic model of political analysis. William Parish, in an excellent critique of the Whitson Field Army model, suggests the need to develop bureaucratic rather than factional models.<sup>30</sup> Doak Barnett and Ezra Vogel use micro-analysis of the bureaucracy to explain changes in structures, functions, leadership types, and relationships within and between organizations.<sup>31</sup> Both are concerned with the movement from revolutionary to manager or bureaucrat. Both develop categories like those who study elites as factions, but their purpose is to show changes in elite leadership in the bureaucracy and thus changes in the bureaucracy itself.

Vogel's cadres include: Long March veterans, War of Resistance cadres, Liberation cadres, Uprising personnel (defectors), and Retained personnel (based mostly on date of entry into the CCP). Barnett lists 15 categories of cadres: state (paid by the state), local (paid by the commune), administrative, army (officer), army (enlisted men), old cadres, new cadres, Long March cadres, Yanan cadres, Anti-Japanese War cadres, Liberation War cadres, leadership cadres, ordinary cadres, retained cadres, and backbone cadres. The mixture of criteria shows concern for both past experience (i.e., Long March cadre) and current status factors (i.e., state cadre), which are based on organizational affiliation or level within the hierarchy. In the latter case there is an assumption that organizational affiliation influences behavior.

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30 Lynn White, "Leadership in Shanghai, 1955-1969," in Scalapino, *Elites*, pp. 802-377.

31 William Parish, "Factions in Chinese Military Politics," *China Quarterly* 56 (October/December 1973), pp. 667-699.

32 A. Doak Barnett, "Social Stratification and Aspects of Personnel Management in the Chinese Communist Bureaucracy," *China Quarterly* 28 (October/December 1966), pp. B-39, and Ezra Vogel, "From Revolutionary to Semi-Bureaucrat: The Regularization of Cadres," *China Quarterly* 29 (January/March 1967), pp. 36-60.

Victor Falkenheim uses a form of bureaucratic model to examine elites in a single province (Fujian [Fukien]) over a particular period (1949-1966).<sup>33</sup> His choice of province and deliberate decision to eliminate the PLA from consideration detract from his study, but his analytical method is useful. He breaks the state structure into three categories: administrative (policy oriented), business, and enterprises

(both implementation oriented). He also types the functions for translating central policy into action: supervision, coordination, and representation. He discusses control processes within the system and shows a special concern for the province-center relationship. He, too, identifies groups within the province by background, but not as rigorously as others.

Michael Y. M. Kau offers a balanced and sophisticated approach using a bureaucratic model.<sup>M</sup> He examines elite background and career patterns, focusing on formal roles and patterns of elite recruitment and mobility to see how close the Chinese attempt at institution building comes to the Weberian ideal type. His is an outstanding mixture of micro- and macro-political analysis.

Chalmers Johnson is another scholar who bases his macro-analysis on a thorough reading of many micro-analytic studies.<sup>85</sup> His focus, similar to those of Vogel and Barnett, was the movement between bureaucratic and Caesarist modes of rule. This approach seems to have especially useful overview perspectives that allow accurate explanation and prediction. The bureaucratic model, though, is what holds the work together.

Robert Scalapino's most recent work begins where his last work finished.<sup>86</sup> He combines micro- and macro-analysis into a middle-level approach. He categorizes elites by background (mostly military, party- administrative, and mass representatives) and then examines how the categories change over time in different categories of province level units (frontier, municipal, ordinary). Scalapino's conclusions include an increasing use of the more complex bureaucratic model, and he reaches conclusions about stability, role of the military, and province-center relations.

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33 Victor Falkenheim, "Provincial Leadership in Fukien 1949-1966," in Scalapino, *Elites*, pp. 199-244.

34 Michael Y. M. Kau, "The Role of the Military in Transition: The Politir.s of Mao's Army Building," Paper presented to Fifth Sino-American Conference on Mainland China (Taipei, Taiwan, June 1976).

35 Chalmers Johnson, "Caesarism in China," *Encounter* (December 1976), pp. 76-83.

36 Robert A. Scalapino, "The CCP's Provincial Secretaries," *Problems of Communism* 24 (July/August 1976), pp. 18-35.

Frederick Teiwes, the first to see the importance of province level elites as the critical point of interface between policy makers and policy implementors, also uses a combination of micro- and macro-analysis.<sup>37</sup> He develops an elite profile (age, education, experience, insider, out- sider, personal ties) and examines how the various categories move in and out (tenure and turnover) of key positions in the party bureaucracy.

He looks at the interchange of assignments within and between the bureaucratic hierarchies (vertical and lateral mobility) as an indicator of bureaucratic control. He notes variations within different provinces and examines the degree of functional differentiation and specialization within the bureaucracy in general. Finally, he attempts to reach con- clusions about stability based on patterns of control and elite movement. He develops an index and rates the provinces by relative stability. Teiwes provides an excellent foundation for additional research on province level elites.

At the more complex end of the .spectrum of research efforts are the works of Andrew Nathan and Yung Wei.<sup>38</sup> Both suggest movement to a more comprehensive systems approach to analysis. Nathan describes a .system of factions that maintains an equilibrium. He suggests that factional politics is a mode of political interplay with fifteen observable characteristics. He recognizes the inherent weaknesses of his model, that it only helps to explain behavior post hoc and that it has little predictive value except for the restoration of an equilibrium.

Yung Wei develops seven sets of variables and places them in a systems model. His focus is on elites and his variables include: (1) social, economic, and political environment; (2) personal background; (3) political ideology; (4) path of recruitment; (5) types of elites; (6) types of elite conflicts; and (7) outcomes of elite conflicts. His systems model is similar to Bennett's identification of variables, but he shows more concern for identifying testable hypotheses as opposed to mere description. Unfortunately, his short paper is heuristic only, and he has yet to apply his model in detail.

The two principal models, factional and bureaucratic, have yielded mixed results depending partially on the questions posed. The factional model has proven more useful for short range policy explanation and prediction. The bureaucratic model offers a more comprehensive explanation and more long range predictive capacity.

There are significant variations within each general model. The factional models can be divided into two categories based on the criteria for identifying a faction or group. One category includes the factions defined by the current issue orientation (for philosophical, organizational interest, or selfish motivations) of the members. The second category includes the factions defined by common identity-forming past experience or characteristics. Some studies include combinations of both types. More complex factional models attempt to correlate the factions with issues or events to determine influence relationships. Some of the factional models have been successful at establishing a relationship between elite types and specific political outcomes, but they are still very narrow and fail to see general political change or implications. Further, the relationships are always explained from hindsight and predictions have been generally weak.

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37 Frederick Teiwes, *Provincial Party Personnel in Mainland China, 1956-1966* (New York: Occasional Papers of the East Asian Institute, Columbia University, 1967). Frederick Teiwes, "Provincial Politics in China: Themes and Variations," in John Lindbeck, ed., *China: Management of a Revolutionary Society* (Seattle: University of Washington Press; 1971), pp. 116-192.

38 Andrew Nathan, "A Factionalism Model for CCP Politics," *China Quarterly* 53 (January/March 1971), pp. 14-66. Yung Wei; "Elite Conflict in Chinese Politics: A Comparative Note," *Studies in Comparative Communism*, 1 and 2 (Spring/Summer 1974), pp. 64-73.

The bureaucratic model or some combination of bureaucratic and factional models offer more potential for prediction. It forces the analyst to use more macro-analysis, but based on micro-analysis. It is important then to look at the forest and the trees to avoid getting lost in the trees.

The systems models may provide a means by which variables can be kept in perspective, but the complexity and lack of explanatory or predictive value suggest that they are of less value than the combination of macro- and micro-analysis described above.

## **Method of Analysis**

The starting point in the search for answers about political change has to be in man, whether acting alone or in groups. Structural and functional analysis of institutions alone cannot provide adequate explanations. When acting alone man's behavior must be examined by biographic psycho-social analysis.<sup>9</sup> While it does not explain everything, an individual's life experience, especially his occupational experience, certainly contributes to his behavioral patterns when he is in a policy-making

position.<sup>40</sup> Analysis of those experiences helps to identify factors that determine values and attitudes affecting behavior in policy-making.

But the nature of conflict in Chinese politics is different. It is more collective than individual so it is necessary to examine conflict in the context of group conflict.<sup>41</sup> Since decisions are generally group decisions rather than individual command-type decisions, the most useful approach for understanding Chinese politics must be some combination of analysis of groups or organizations and analysis of individuals who make up the groups. The approach that draws upon both types of analysis is elite studies.

But elite analysis, as was seen in the review of literature above, can be approached in many ways. The most fruitful approach seems to be a middle-level approach that combines macro- and micro-analysis. Such analysis should include examination of elite mobility and assignments within key Chinese bureaucracies (the Central Committee, military region and province party, army and government organizations). One approach is to clarify institutional relationships and elite role patterns by focusing on one type of institutional linkage: the interlocking roles of elite members. Once the scope and nature of these interlocking roles are exposed, changes over time can be examined. A determination can then be made as to whether any structural change has taken place and if so to what extent that change is likely to impact on future institution- building or bureaucratic stability.

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39 See Richard Solomon, *Mao's Revolution and the Chinese Political Culture* (Berkeley: University of California Press, 1971).

40 Kenneth Jowitt, "An Organizational Approach to the Study of Political Culture in Marxist-Leninist Systems," *The American Political Science Review*, 68 (September 1974), pp. 1171-1191.

41 Parris Chang, *Power and Policy in China*, especially chapter 7.

Source: *A Review of the Literature*. *Asian Survey*, 1979, 19(8):789-800.

# INTEGRATING WEALTH AND POWER IN CHINA: THE COMMUNIST PARTY'S EMBRACE OF THE PRIVATE SECTOR

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**ABSTRACT** Is privatization in China leading to political change? This article presents original survey data from 1999 and 2005 to evaluate the Communist Party's strategy towards the private sector. The CCP is increasingly integrating itself with the private sector, both by co-opting entrepreneurs into the Party and encouraging current Party members to go into business. It has opened the political system to private entrepreneurs, but still screens which ones are allowed to play political roles. Because of their close personal and professional ties, and because of their shared interests in promoting economic growth, China's capitalists and communist officials share similar viewpoints on a range of political, economic and social issues. Rather than promote democratic governance, China's capitalists have a stake in preserving the political system that has allowed them to prosper, and they are among the Party's most important bases of support.

Support of the private sector has been an increasingly prominent part of the Chinese Communist Party's (CCP) economic reform strategy. Similarly, its embrace of the private sector has been a key part of its political strategy of adapting to China's changing economic and social environment. The CCP banned the recruitment of entrepreneurs into the Party in 1989, but during the 1990s, many local Party officials quietly co-opted entrepreneurs in violation of the ban. In 2002, the CCP revised its constitution to legitimize this informal practice. Both the informal co-optation and the formal endorsement of recruiting entrepreneurs were designed with two goals in mind: first, to seek co-operation between the state and private enterprises, which are responsible for most new growth and job creation, central elements of the CCP's claim to legitimacy; and second, to prevent entrepreneurs becoming an organized opposition. As such, the practice of co-opting entrepreneurs has been an essential part of the CCP's strategy for survival. At the same time, the alliance between political and economic elites, symbolized by the growing number of "red capitalists" - entrepreneurs who are also CCP members - is bringing new interests and new people into the political arena. What impact is this integration of wealth and power having on China's still nominally communist system?

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This article evaluates the results of the CCP's approach to the private sector, both the incorporation of large numbers of private entrepreneurs into the CCP and the institutional links between business and the state. Whereas previous studies concentrated on a single locale, sector or point in time, this study uses data from two original surveys conducted in eight counties and county-level cities and completed in 1999 and 2005 (see Appendix).<sup>1</sup> These surveys allow me to account for both regional variation and changes over time. The data indicate that the CCP's co-optation strategy has largely been successful. Because of their close personal and professional ties, and because of their shared interests in promoting economic

growth, China's capitalists and communist officials share similar viewpoints on a range of political, economic and social issues. In short, rather than promote democratic governance, China's capitalists have a stake in preserving the political system that has allowed them to prosper. They do not pose an immediate threat to the CCP; indeed, they are among the Party's most important bases of support.

### **The Role of Entrepreneurs in Political Change**

It has become a truism that continued economic reform in China, and privatization in particular, will facilitate political change. China's economic reforms are creating the independent sources of wealth, power and influence that scholars have shown are key factors in a country's democratization.<sup>2</sup> Democracy is not an automatic response to economic and social change, however; it is a political process driven by actors inside and outside the regime. The CCP has not been a passive actor in this process, but instead has taken steps to prevent organized demands for political change emanating from outside the Party. In so doing, China has become a prime example of how authoritarian governments can employ strategic action to survive indefinitely despite rapid economic and social development.<sup>3</sup> It has selectively accommodated some interests while suppressing others. In particular, it has limited the types of organizations that can exist, allowing the ones it feels can be beneficial to its policy agenda and suppressing those it deems a potential threat to its political power. It screens which individuals are elected or selected for political posts, thereby deciding who can be active in the political system. It carefully monitors the flow of information via the media and the internet, and while dissenting views occasionally appear, they are normally quickly removed. It has promoted the flow of information and allowed the types of organizations that are conducive to economic development while simultaneously preventing the same tools from being used for political purposes. These efforts have raised the costs of collective action and lowered the prospects for immediate political change.

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1 The findings of the 1999 survey were published in my *Red Capitalists in China: The Party, Private Entrepreneurs, and the Prospects for Political Change* (New York: Cambridge University Press, 2003).

2 Seymour Martin Lipset, "Some social requisites of democracy: economic development and political legitimacy," *American Political Science Review*, Vol. 53, No. 1 (1959), pp. 69-105; Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: Oklahoma University Press, 1991); Larry Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University, 1999).

3 Bruce Bueno de Mesquita and George W. Downs, "Development and democracy," *Foreign Affairs*, Vol. 84, No. 5 (2005), pp. 77-86.

The increased economic and political prominence of private entrepreneurs has received special attention from scholars and also Western media. Some note the potential for China's new economic elites to serve as agents of change, either by subtly influencing the CCP from within or engaging in organized collective action against the state on economic and political issues. Others see private entrepreneurs as the leading edge of an emerging civil society that will eventually transform China's political system.<sup>4</sup>

The attention paid to private entrepreneurs as potential agents of political change in China is a result of renewed interest in modernization theory that accompanied the "third wave" of democratization and the recognition of the link between markets and democracy. In addition, comparative research has shown the

important role that entrepreneurs have played in political development. Not only does Barrington Moore's pithy "no bourgeois, no democracy" continue to influence thinking on the issue, but recent studies have also noted the complex and ambiguous contribution of entrepreneurs to the transition from authoritarianism. Entrepreneurs may prop up an authoritarian regime because they benefit materially or because they are worried that political change will harm their economic interests.<sup>5</sup> But once they perceive that the regime is under challenge by broader elements of civil society, especially if this opposition is triggered by an economic downturn, business people may turn from regime supporters (or at least political neutrality) to overt opposition. Although they rarely initiate the push for democracy, they have been necessary allies to democratic movements initiated by the working classes. In countries as diverse as South Korea, the Philippines, Brazil, Peru, Ecuador and Spain, democratization was facilitated when businesspeople and the broader middle classes shifted their support from the government to the opposition.<sup>6</sup> These comparative examples have created expectations that China's capitalists may also be agents of political change.

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4 Kristen Parris, "Local initiative and national reform: the Wenzhou model of development," *The China Quarterly*, No. 134 (1993), pp. 242-63; Gordon White, "Democratization and economic reform in China," *Australian Journal of Chinese Affairs*, No. 31 (1994), pp. 73-92; Gordon White, Jude Howell and Shang Xiaoyuan, *In Search of Civil Society: Market Reform and Social Change in Contemporary China* (Oxford: Oxford University Press, 1996); Baogang He, *The Democratic Implications of Civil Society in China* (New York: St Martin's Press, 1997); Xiaoqin Guo, *State and Society in China's Democratic Transition: Confucianism, Leninism, and Economic Development* (New York: London, 2003); Yongnian Zheng, *Will China Become Democratic? Elite, Class, and Regime Transition* (Singapore: Eastern Universities Press, 2004).

5 Eva Bellin, "Contingent democrats: industrialists, labor, and democratization in late-developing countries," *World Politics*, Vol. 52, No. 2 (2000), pp. 175-205.

In contrast, most empirical studies have shown that China's entrepreneurs are not strong supporters of democracy and democratization. Margaret Pearson found that entrepreneurs were not likely to initiate demands for democratization, but might lend support if others take the lead in pressuring for economic and political change.<sup>7</sup> According to Kellee Tsai, only a fraction of the current generation of private entrepreneurs has both the ability and desire to confront the state in defense of their interests, and many of them have already found non-democratic means for promoting their interests.<sup>8</sup> Similarly, An Chen concluded that China's bourgeoisie have a taken-for-granted personal stake in preventing regime change, largely because of their corrupt and familial ties with the state.<sup>9</sup>

In short, the beneficiaries of China's partially reformed authoritarian system have an incentive to preserve the status quo rather than promote political change. This is a twist on the pattern of other post-communist countries undergoing economic and political reform. In these countries, the initial winners of economic reform used the political process to block further privatization in order to keep the benefits for themselves.<sup>10</sup> In China's transition economy, the winners in economic reform have supported further reform in that realm, but they have not supported political change. While individual entrepreneurs may be outspoken supporters of political reform, China's private entrepreneurs, like capitalists in other countries, have been generally ambivalent about the need for and benefits of democratization, preferring the authoritarian regime in which they have thrived to the uncertainty inherent in a new and untried political system.<sup>11</sup>

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6 Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986); Dietrich Rueschemeyer, Evelyne Huber Stephens and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1991); Huntington, *The Third Wave*, pp. 67-68.

7 Margaret Pearson, "The Janus face of business associations in China: socialist corporatism in foreign enterprises," *Australian Journal of Chinese Affairs*, No. 31 (1994), pp. 25-46. See also Pearson, "China's emerging business class: democracy's harbinger?" *Current History*, Vol. 97, No. 620(1998), pp. 268-72.

8 Kellee Tsai, "Capitalists without a class: political diversity among private entrepreneurs in China," *Comparative Political Studies*, Vol. 38, No. 9 (2005), p. 1145.

9 An Chen, "Capitalist development, entrepreneurial class, and democratization in China," *Political Science Quarterly*, Vol. 117, No. 3 (2002), p. 412.

10 Joel S. Hellman, "Winners take all: the politics of partial reform in postcommunist transitions," *World Politics*, Vol. 50, No. 2 (1998), pp. 203-34; see also Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge, MA: Harvard University Press, 2006).

11 Similar findings can be found in David Zweig, "Undemocratic capitalism: China and the limits of economism," *The National Interest*, No. 56 (1999), pp. 63-72, and Zhaohui Hong, "Mapping the evolution and transformation of the new private entrepreneurs in China," *Journal of Chinese Political Science*, Vol. 9, No. 1 (2004), pp. 23-42. A rare alternative perspective is offered in Lu Chunlong, "Democratic values among Chinese people: analysis of a public opinion survey," *China Perspectives*, No. 55 (2004), pp. 40-48.

## **The Political Context**

When the CCP came to power in 1949, it initially promised a united front strategy of co-operating with a wide range of non-communist groups. Private entrepreneurs were designated the national bourgeoisie" to distinguish them from the bureaucratic capitalists" who had links to the old Nationalist government and whose property was confiscated by the new regime. In the early years of the PRC, the national bourgeoisie were treated with respect and given positions in the coalition government. But this policy of collaboration was short-lived. In 1952, the CCP launched the Five Antis campaign against alleged economic crimes and tax evasion by large-scale entrepreneurs. In 1953, the government announced a new general line for the transition to socialism" that called for the eventual socialization of industry and commerce. By 1956, the private sector was eliminated and all significant industrial and commercial assets were taken over by the state, with some compensation given to their former owners. Small-scale private trade in rural areas was also abolished during the mid-1950s. For the remainder of the Maoist era (1949-76), the state controlled all significant aspects of industry and commerce in China.<sup>12</sup> Even though private enterprises were eliminated, their former owners and their families were subject to repeated and often harsh persecution during subsequent political campaigns launched by Mao.

As the post-Mao reform era unfolded, the private sector began to re-emerge, initially comprising street vendors and very small-scale firms, and later expanding to include much larger industrial and commercial enterprises. For most of the 1980s, the private sector was limited to individually owned enterprises (getihu 1'-\*?). To avoid the appearance of ideologically proscribed exploitation," these enterprises could only hire fewer than eight workers, although in practice many exceeded this limit.<sup>13</sup>

Because of their quasi-legal status, many getihu had problematic backgrounds. Some of the people running them were actual criminals while others were the victims of past political campaigns. While some opened their own businesses because of their entrepreneurship, others did so out of sheer desperation when they were unable to find other jobs. Because of their complicated backgrounds and reputations, the getihu had relatively low political and social status. By extension, the private sector that they were part of was also viewed with suspicion by other members of society as well as the state.<sup>14</sup> In 1988, China's National People's Congress added a new paragraph to Article 11 of the state Constitution to give legal status to privately owned firms that employed eight or more workers. The State Council subsequently issued regulations to put this into effect. However, many cadres continued to believe that private ownership in particular and capitalism in general was inconsistent with China's still socialist economy. Opponents of reform blamed the economic crisis of 1988 and the political protests of 1989 on the reform strategy.

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12 Dorothy Solinger, *Chinese Business under Socialism: The Politics of Domestic Commerce in Contemporary China* (Berkeley: University of California Press, 1984).

13 The limit of eight workers was based on Karl Marx's statement in *Capital* that employing more than that number resulted in exploitation; see Wu Jinglian, *Understanding and Interpreting Chinese Economic Reform* (Singapore: Thomson/South-Western, 2005), pp. 65 n. 44 and 182.

14 Thomas Gold, "Urban private business and China's reforms," in Richard Baum (ed.), *Reform and Reaction in Post-Mao China: The Road to Tiananmen* (New York: Routledge, 1991), pp. 84-103; and Susan Young, *Private Business and Economic Reform in China* (Armonk, NY: M.E. Sharpe, 1995).

Following the tragic end of popular demonstrations in Tiananmen Square and elsewhere in China, capitalists were criticized for their alleged role in supporting the students and the CCP banned recruitment of entrepreneurs into the Party. Although some entrepreneurs did provide financial and material support for the demonstrators, most were at best ambivalent about the popular demonstrations, and many were opposed to them.<sup>15</sup> The ban on recruiting private entrepreneurs into the Party - and the circumvention of it by some local Party leaders - was a prominent source of inner-Party debate throughout the 1990s.<sup>16</sup>

During these years, entrepreneurs were subject to harassment and even imprisonment for violating ill-defined laws and regulations concerning their business activities, their private property rights were not protected by law, and their factories and land could be confiscated without compensation. To protect themselves, many private enterprises became "red hat collectives": they were for all intents and purposes privately owned and operated, but were formally registered as collective enterprises, which are essentially state-owned enterprises under the control of local governments.<sup>17</sup> This gave some degree of protection to private firms, but the precarious nature of their political and legal status stifled business activity.

The rapid expansion of the private sector began in 1992, following Deng Xiaoping's much heralded southern tour." Frustrated by the slow pace of economic reform in the post-Tiananmen climate, Deng embarked on a tour of special economic zones and other prosperous cities in south China and lauded their dynamism and willingness to initiate reform-oriented policies despite the conservative atmosphere in Beijing. Once the national media began to report Deng's comments, enthusiasm for economic reform, and for the opening of private firms in particular, exploded (see Table 1). In the years after 1992, the number of private enterprises grew by 35 per cent per year.

Together with the growth of the private sector came greater political and legal protection. At the 15th Party Congress in 1997, the CCP declared that although public ownership remained the mainstay of the economy, the non-public sectors were important components of a socialist market economy." The new wording raised the status of the individual and private sectors from supplemental to the public sector to important in their own right. At the Fifth Plenum of the 15th Central Committee in October 2000, the CCP went even further, announcing that the healthy development of the self-employed and privately owned businesses. (will be] supported, encouraged and guided."18 This new terminology gave the private sector the same status as the public sector.

15 David Wank, Private business, bureaucracy, and political alliance in a Chinese city," Australian Journal of Chinese Affairs, No. 33 (1995), pp. 63-65.

16 Dickson, Red Capitalists in China, pp. 98-107.

17 Kristen Parris, The rise of private business interests," in Merle Goldman and Roderick MacFarquhar(eds.), The Paradox of China's Post-Mao Reforms (Cambridge, MA: Harvard University Press, 1999).Integrating Wealth and Power 833

Table 1: **Growth in China's Private Sector, 1989–2003**

	1989	1994	1999	2004
Number of private enterprises (millions)	.091	.432	1.509	3.651
Number of workers and staff (millions)	1.430	5.695	16.992	40.686
Average registered capital (million RMB)	.093	.335	.681	1.313
Average output value (thousand RMB)	107	264	509	631

For 1989-99 Zhang Houyi, Kuaisu chengzhang de Zhongguo siying qiyezhū jieceng ( The rapid growth of China s private entrepreneurs ), in 2005 Nian: Zhongguo shehui xingshi fenxi yu yuce (Blue Book of China's Society 2005: Analysis and Forecast of China's Social Development) (Beijing shehui kexue wenxian chubanshe, 2005), p 329; for 2004 Zhang Houyi, siying qiyezhū jieceng chengchang de xin jieduan, in 2006 Nian: Zhongguo shehui xingshi fenxi yu yuce (Blue Book of China's Society 2006: Analysis and Forecast of China's Social Development) (Beijing shehui kexue wenxian chubanshe, 2006), p 345 (averages calculated from numbers in sources)

On 1 July 2001, the 80th anniversary of the founding of the CCP, Jiang recommended that private entrepreneurs be allowed to join the CCP, ending a ban that he himself had announced in August 1989. Jiang claimed that entrepreneurs were a new social stratum making significant contributions to the country's development and modernization, and therefore deserved a place in the ruling party. To further symbolize the CCP's support of the private sector, the 16th Party Congress in 2002 revised the Party's Constitution to include the Three Represents" slogan promoted by Jiang Zemin. The CCP now claimed to represent not only its traditional supporters, the workers and farmers, but also the interests of the new

advanced productive forces" of urban economic and social elites, thereby justifying their inclusion in the Party. Although often ridiculed as empty rhetoric, the Three Represents" changed the Party's strategy of co-opting entrepreneurs from an informal practice to a formal goal. This was the culmination of Jiang's elitist strategy of the 1990s, where the CCP pursued its goal of rapid economic growth by relying on coastal provinces and gave privileged access to the entrepreneurs who succeeded in getting rich first.<sup>19</sup>

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<sup>18</sup> This new policy was announced in the communique' of Fifth Plenum of the 15th Central Committee of the CCP; see Xinhua, 11 October 2000.

<sup>19</sup> For more details on the origins and development of the Three Represents," see my Dilemmas of Party adaptation: the CCP's strategies for survival," in Peter Hays Gries and Stanley Rosen (eds.), *State and Society in 21st Century China: Crisis, Contention, and Legitimation* (New York and London: Routledge, 2004).

Under the new leadership of Hu Jintao and Wen Jiabao, the CCP became more cautious in trumpeting the benefits of privatization, but no less determined to continue the process. Hu and Wen have attempted to present a more populist image for the Party, emphasizing the interests of society at large, especially in the countryside, instead of Jiang's emphasis on urban economic elites.<sup>20</sup> Nevertheless, Hu and Wen have not abandoned the CCP's commitment to the private sector or its pursuit of rapid growth. In 2003 the Third Plenum of the 16th Central Committee followed up the earlier pledge to support, encourage and guide the development of the private sector by approving the equal treatment of public and non-public enterprises regarding investment, financing, taxation, land use and foreign trade, and committing the CCP to adopting a modern system of property rights," to benefit both the public and private sectors.<sup>21</sup> In 2004, Article 11 of the Constitution was again revised to say that the state protects the rights, interests and legality of individual and private enterprises. But the momentum to legalize property rights slowed after Gong Xiantian, a law professor at Beijing University, published an article in 2005 criticizing the draft law as mimicking Western capitalism and ignoring the socialist nature of China's economy. With the ideological debate on the propriety of private property once again revived, final approval of the property rights legislation was delayed until 2007.

Hu and Wen also showed their support for the private sector in other ways. They included private entrepreneurs in their trips abroad. In 2003, five entrepreneurs from Wenzhou, the county in Zhejiang that was the model for private sector-led development, were part of Wen Jiabao's delegation to Ethiopia. Entrepreneurs were also part of Hu Jintao's delegation to the United States and Canada in 2005, and a total of 202 entrepreneurs went with Vice- Premier Wu Yi to the United States in 2006.<sup>22</sup> While Hu was president of the central Party school, it began offering special classes and programmes for private businessmen.<sup>23</sup> As of early 2006, more than 10,000 entrepreneurs from all over China had attended these classes, which typically focus on economics and business management, and are similar to short courses offered by business schools for owners and senior managers.<sup>24</sup> But the Party also brings groups of entrepreneurs to Party schools to influence their political thinking. Although the CCP is fully committed to the private sector, it wants to ensure that the private sector remains committed to the Party, and short courses at Party schools are seen as one means of cultivating support.

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<sup>20</sup> Bruce J. Dickson, *Beijing's ambivalent reformers*," *Current History*, Vol. 103, No. 674 (2004), pp.

249-55; Cheng Li, "The new bipartisanship within the Chinese Communist Party," *Orbis*, Vol. 49, No.3 (2005), pp. 387-400.

21 Xinhua, 14 October 2003.

22 Li Jingrong, "Engaging entrepreneurs in state-level visits," *China.org.cn*, 18 April 2006 (<http://www.china.org.cn/english/2006/Apr/165971.htm>).

23 Xinhua, 1 July 2000, in WNC, 3 July 2000; "Shanghai entrepreneurs sent to Central Party School for political training," *Ming pao* (Hong Kong), 29 November 2002, in World News Connection (WNC), 29 November 2002; "Shanghai private entrepreneurs participate in study program at Central Party School in Beijing," *Wen wei po* (Hong Kong), 10 January 2003, in WNC, 17 January 2003; Xinhua, 26 December 2005, in WNC, 26 December 2005.

24 South China Morning Post, 26 April 2006.

The reform of rural township and village enterprises (TVEs) and state-owned enterprises (SOEs) also contributed to the growth of the private sector. Official restrictions on private ownership in the post-Mao era encouraged local governments to create collectively owned TVEs in the early reform period.<sup>25</sup> Collective ownership gave local officials additional resources to foster local development, enlarge their patronage and strengthen their influence; in addition, prohibitions on private ownership in the early 1980s left little choice but to develop rural industrial enterprises under collective ownership. Only in areas like Wenzhou, which was geographically isolated and not a beneficiary of central largesse, did private ownership lead economic development. TVEs were involved in labour-intensive industries, such as textiles and assembly work, where the barriers to entry - especially capital requirements - were low. Initially, TVEs were very profitable. As more and more firms entered the market, however, competition forced prices and profits to fall, leading to the closing, consolidation and eventually the privatization of TVEs. By 2004, over 90 per cent of TVEs were registered as privately owned.<sup>26</sup> In many cases, privatization was more formal than real because many TVEs had been "red hat" collectives, but exactly how many fit this description is not known.

The reform of SOEs was the third contributor to private sector growth in China. The main trigger for SOE reform was the chronic unprofitability of this sector. SOEs were often grossly inefficient, wasting energy and other inputs, employing far more employees than necessary, and producing goods for which there were no markets. In addition, they were responsible for the housing, medical and educational expenses for workers and their families. As market competition increased, SOEs were unable to compete against private and collective enterprises that operated more efficiently and did not provide the full range of benefits that SOE workers enjoyed. Throughout the early reform era of the 1980s, SOE reform did not include or even envisage privatization. Instead, early reforms were designed to give firms more incentives to be profitable, but not to change their form of ownership. In the 1990s, however, SOE reform changed its focus from improving incentives and managerial autonomy to corporate restructuring.<sup>27</sup> At the 15th Party Congress in 1997, the CCP adopted a new policy towards SOEs known as "grasp the big, release the small" (*zhuada fangxiao*). Between 1996 and 2001, nearly 50,000 small and medium-sized SOEs went through restructuring, including public offerings, joint ventures, employee buyouts, leasing and bankruptcy. According to a survey of industrial SOEs, 86 per cent had undergone some degree of reform by the end of 2001, and 70 per cent had been wholly or partially privatized.<sup>28</sup> Approximately 25 per cent of officially registered private enterprises were originally part of the state-owned sector.<sup>29</sup>

25 Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Stanford: Stanford University Press, 1999); Susan H. Whiting, *Power and Wealth in Rural China: The Political Economy of Institutional Change* (New York: Cambridge University Press, 2001).

26 Hongbin Li and Scott Rozelle, "Privatizing rural China: insider privatization, innovative contracts, and the performance of township enterprises," *The China Quarterly*, No. 176 (2003), pp. 981-1005; Sun Laixiang, "Ownership reform in China's township and village enterprises," in Stephen Green and Guy S. Liu (eds.), *Exit the Dragon? Privatization and State Control in China* (London: Blackwell, 2005), pp.90-110.

27 Stephen Green and Guy S. Liu, "China's industrial reform strategy: retreat and retain," in Green and Liu, *Exit the Dragon?* pp. 15-41.

By 2004, China had over 3.6 million private enterprises and the individual and private economies became the source of nearly all economic growth and new jobs. The OECD's *Economic Survey of China, 2005* reported that the private sector produced well over half of GDP and an overwhelming share of exports." It also estimated a five fold rise in the output of domestically-owned private companies" from 1998 to 2003, compared to a 70 per cent rise in the output of the state sector.<sup>30</sup> Between 2000 and 2005, the private sector created 57 million jobs, including 80 per cent of new jobs outside agriculture; during the same time, the labour force in the state-owned sector shrank by 15 million. Tax revenue provided by private firms grew 40 per cent per year between 2000 and 2005, whereas the state sector's contribution grew by only 7 per cent.<sup>31</sup>

The CCP's attitude towards the private sector changed from the restrictiveness of the 1980s to active promotion in the 1990s and beyond. Whereas private entrepreneurs were blamed for much of the turmoil of the 1989 demonstrations and accused of counter-revolutionary ambitions, by the mid-1990s they had become full-fledged partners in China's economic development. After the 16th Party Congress in 2002, the CCP promoted a more populist agenda while still striving to maintain rapid growth. Recognizing the sensitivity of the Party's embrace of the private sector, the CCP reportedly ordered state-run media to stop publicizing Hu Jintao's favourable comments about privatization during the period before the annual meeting of the National People's Congress in March 2007 and the 17th Party Congress in October 2007.<sup>32</sup>

#### The Integration of Private Entrepreneurs into China's Political System

The Party has two motivations to co-opt entrepreneurs. First, it wants a more co-operative relationship with the group of people most responsible for promoting economic growth, a key legitimizing factor for continued CCP rule. This is particularly important for local officials, whose promotions depend on achieving high rates of growth. The second reason for integrating entrepreneurs into the political system is to preempt them from forming or joining an organized opposition to the CCP. Both these rationales have been consistently put forward by advocates of co-optation.<sup>33</sup> The first goal of co-operating to promote growth is examined in this section; the second goal of preempting opposition is the basis for the next section.

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28 Shahid Yusuf, Kaoru Nabeshima and Dwight Perkins, *Under New Ownership: Privatizing China's State-Owned Enterprises* (Palo Alto, CA, and Washington, DC: Stanford University Press and The World Bank, 2006), p. 16.

29 This estimate comes from the 2002 survey of the private sector sponsored by the All China Federation of Industry and Commerce, the Chinese Academy of Social Sciences, and other groups. See [http://www.acfic.org.cn/acfic/12\\_xw/xxzk/708\\_8.htm](http://www.acfic.org.cn/acfic/12_xw/xxzk/708_8.htm), and Xinhua, 13 November 2003.

30 Organisation for Economic Co-operation and Development, Policy Brief: Economic Survey of China, 2005, pp. 1, 3.

31 Private firms powering China economy," China Daily (online), 22 September 2006.

32 Edward Cody, Broadcast media in China put on notice," Washington Post (27 February 2007).

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## Membership in the CCP

A growing number of entrepreneurs are red capitalists: in the late 1990s, approximately 20 per cent of entrepreneurs were Party members, and by 2004, that number had grown to almost 35 per cent. In comparison, less than 6 per cent of the total population belongs to the CCP. The much higher concentration of Party members among private entrepreneurs shows the growing integration of political and economic elites in China. In part, the growth of both the private sector and the number of red capitalists is due to the privatization of formerly state-owned enterprises. As these SOEs are converted into private enterprises, their former managers (most of whom were Party members) now become owners of private firms, instantly increasing the number of red capitalists.<sup>34</sup>

Jiang Zemin's speech on 1 July 2001 authorized the recruitment of entrepreneurs and other urban elites into the Party. Despite pilot programmes implemented by the Party's organization departments in a number of cities, little new recruitment occurred. According to a report by the central organization department, only 894 of 2.42 million new members in 2004 were entrepreneurs.<sup>35</sup>

One reason for this apparent lack of new recruitment was that many local cadres did not support the new policy. They dragged their feet in carrying it out, found reasons to disqualify entrepreneurs from joining the Party, or accepted applications from entrepreneurs but failed to act on them. Another reason was that the entrepreneurs themselves seemed to have lost interest in joining the Party.<sup>36</sup> As the Party's commitment to the private sector grew and became more credible, the benefits of Party membership were less obvious.

Exactly half of the respondents in the 2005 survey were Party members, up from almost 40 per cent in the 1999 survey, but there was tremendous variation among the eight counties surveyed, ranging from 28 to 74 per cent. (In the 1999 survey, the range was similar: 22 to 78 per cent.) The percentage of entrepreneurs who were already Party members before they went into business (a group I refer to as *xiaohai rili* entrepreneurs) increased sharply from 25 to 34.2. The percentage of those who were co-opted into the Party after going into business also increased, but not as dramatically: from 13.1 to 15.7. Even so, this is almost a 20 per cent increase in a short period of time. Moreover, the pace of entrepreneurs joining the Party increased after Jiang's 1 July speech. Of the co-opted entrepreneurs, 31.5 per cent joined between 2002 and 2004, the years after the ban on entrepreneurs joining the Party was lifted. In addition, of the non-Party members in the sample, 50.3 per cent reported they were interested in joining the Party, and of them 30.9 per cent had applied to join. To put it differently, 75 per cent of the entrepreneurs in this survey, who represent the economic elites of their communities, were either in the Party or wanted to be (compared to 66.7 per cent in the 1999 survey). That indicates a dramatic and positive response, consistent with the intended results of the CCP's new recruitment strategy, but inconsistent with anecdotal reports of a much more limited impact. The remarkably precise and low number of private entrepreneurs who reportedly joined the Party in 2004 (noted above) may simply have reflected the new

rhetoric rather than the current reality: under Hu and Wen, the CCP wanted to downplay the idea that it is beholden to private economic interests.

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33 This is detailed in *Red Capitalists in China*, pp. 98-107; see also Jae Cheol Kim, "From the fringe to the center: the political emergence of private entrepreneurs in China," *Issues and Studies*, Vol. 41, No. 3 (2005), pp. 113-44.

34 Respondents in my two surveys were not asked if they previously worked for an SOE, so I cannot determine how many used to be SOE managers. According to a 2002 survey of the private sector sponsored by the All China Federation of Industry and Commerce, the Chinese Academy of Social Sciences, and other groups, 25.7% of private firms were former SOEs, and the heads of 50.7% of them were Party members. The report on this survey attributed most of the growth in red capitalists to the privatization of SOE's. See [http://www.acfic.org.cn/acfic/12\\_xw/xxzk/708\\_8.htm](http://www.acfic.org.cn/acfic/12_xw/xxzk/708_8.htm), and Xinhua, 13 November 2003.

35 Xinhuanet, 23 May 2005.

36 Henry Chu, "Chinese capitalists cool to Party invite," *Los Angeles Times*, 3 August 2002.

To understand the CCP's strategy for co-opting entrepreneurs, we need to consider both where the CCP recruited entrepreneurs as well as which specific entrepreneurs it sought to recruit. Given its primary goal of promoting economic growth, we would expect that the CCP to focus on the areas where the economy is growing most rapidly, where the private sector is largest and where the Party's presence in the private sector is relatively weak. Within those areas, it would target the owners of large-scale enterprises. These large firms employ more workers and contribute more tax revenue to local coffers, and therefore are particularly important to the local economy and more suitable for Party-building efforts.

The survey data support these predictions, as shown in Table 2 (note: in this analysis, xiahai entrepreneurs are excluded, because I am interested in which private entrepreneurs the Party recruited and by definition xiahai entrepreneurs were already in the CCP before opening their private enterprise.) First, co-opted entrepreneurs were more likely to live in communities with fast-growing economies and a large private sector. The coefficients for "per capita GDP" and "per capita GDP growth" indicate that the level of development and the rate of growth have opposite effects for where the Party recruits entrepreneurs. The statistically significant and negative coefficient for level of development indicates that entrepreneurs living in a prosperous county are slightly less likely to be recruited into the Party.<sup>37</sup> The rate of growth had a positive and significant impact on the probability of recruitment: entrepreneurs were more likely to be recruited in counties with rapid economic growth (relative to other counties in the sample) between 1999 and 2003. In addition, living in a county with a large private sector (measured by the share of non-state firms in county) also made it more likely that private entrepreneurs would be co-opted.

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37 That may be because two of the poorest counties in both the 1999 and 2005 surveys had relatively high percentages of co-opted entrepreneurs, whereas the richest county had the lowest proportion of co-opted entrepreneurs. A test for a curvilinear, inverted U shaped relationship between per capita GDP and the percentage of co-opted entrepreneurs in a locality was negative.

**Table 2: Determinants of Party Recruitment among Private Entrepreneurs in China (probit regression coefficients, with robust standard errors in parentheses)**

	1999	2005
Contextual factors		
Level of development (per cap GDP, 1,000 yuan)	-.059 (.040)	-.093*** (.019)
Rate of growth (previous five years)	-.003 (.002)	.012** (.004)
Size of private sector (non-state firms in county [%])	---	1.846*** (.400)
CCP in private sector in county (%)	---	-.073** (.028)
CCP members in county population (%)	---	.222* (.101)
Firm characteristics		
Sales revenue (log)	.090 (.064)	.152*** (.039)
Individual characteristics		
Age (years)	-.004 (.015)	-.022* (.010)
Gender	.048 (.356)	.389* (.162)
Level of education	.378*** (.109)	.381*** (.087)
<i>Getihu</i> background	-.126* (.059)	.002 (.134)
Years in business	.068* (.027)	.052*** (.018)
Years in county	.030** (.011)	.016** (.007)
Communist Youth League member	.773** (.250)	.491** (.155)
Constant	-3.192** (1.032)	-4.066*** (.857)
N	293	654
Chi <sup>2</sup>	44.99***	113.70***
Pseudo R <sup>2</sup>	.249	.192

\* p<.05, \*\* p<.01, \*\*\* p<.001

The CCP also targeted areas with low proportions of Party members working in the private sector. This is shown by the negative and statistically significant coefficient for CCP in private sector in county (per cent)." This percentage is based on aggregate data provided by local organization departments, not the survey data (unfortunately, I do not have comparable data for all eight counties in the 1999 survey). The negative coefficient indicates that co-opted entrepreneurs were more likely to be in counties where the number of Party members among all the people working in the private sector was relatively low. In counties that already had large proportions of Party members in the private sector, local officials presumably had less need to co-opt more entrepreneurs. The impact of CCP members in county" is positive and statistically significant for the 2005 data. This could be due to the Party's recruitment strategy, if it did not want entrepreneurs to constitute such a large share of the local Party membership. This would be consistent with the populist shift associated with Hu Jintao and Wen Jiabao after the 16th Party Congress.

In addition to these contextual factors, the size of the enterprise matters to the CCP: all else being equal, the larger the sales revenue" of a firm,<sup>38</sup> the more likely its owner is a Party member.<sup>39</sup> Why should this matter? The main reason is their importance to the local economy: larger firms produce more tax revenue and provide more jobs. There is also a practical reason. In its Party-building efforts, the CCP first focused on the largest firms and it soon discovered that Party building was easier and more successful when the firm was owned by a Party member. As shown in Table 3, red capitalists are far more likely to have Party organizations in their firms, have workers who have been recruited into the CCP, and prefer to hire Party members. In other words, red capitalists facilitate Party building in the private sector.

Table 3: **Impact of CCP Membership on Private Firms, 1999 and 2005**

	1999	2005
Firms with Party organizations (%)		
<i>All entrepreneurs</i>	18.4	28.9
<i>Xiahai entrepreneurs</i>	33.1	46.3
Co-opted entrepreneurs	38.5	44.1
Want to join CCP	10.0	15.7
Do not want to join CCP	7.5	10.2
Firms whose workers have joined CCP in recent years (%)		
<i>All entrepreneurs</i>	24.7	39.5
<i>Xiahai entrepreneurs</i>	36.3	55.7
Co-opted entrepreneurs	37.5	57.0
Want to join CCP	20.7	32.1
Do not want to join CCP	15.3	14.4
Entrepreneurs who would prefer to hire a Party member over a non-Party member, all else being equal (%)		
<i>All entrepreneurs</i>	54.1	62.0
<i>Xiahai entrepreneurs</i>	63.5	73.4
Co-opted entrepreneurs	77.3	77.1
Want to join CCP	62.9	69.0
Do not want to join CCP	31.8	30.2
Believe that Party members have advantages in business (%)		
<i>All entrepreneurs</i>	43.8	49.6
<i>Xiahai entrepreneurs</i>	37.3	57.1
Co-opted entrepreneurs	51.5	56.6
Want to join CCP	59.0	58.2
Do not want to join CCP	32.9	26.7

38 Sales revenue is analysed using its natural log because most firms are bunched together at the low end of the scale: the mean value is 12.46 million yuan with a standard deviation of 47.33 million (which indicates the skewed distribution of sales revenue), and the median is 2 million. Fixed assets or the number of workers in a firm could also be used to measure the size of the firm, but both are highly correlated with annual sales. Using either sales, fixed assets or the number of workers to measure firm size yields similar results; including more than one makes them all statistically insignificant.

39 It could also be true that larger firms are a consequence, not just a cause, of being co-opted. In order to sort this out, I would need to know how large the firm was before the owner joined the Party, but I do not have that information. An indirect test is to see if the firms were larger the longer the entrepreneur had been in the Party. When age, education, and gender are controlled for, however, the number of years in the Party was not correlated with the size of the firm's sales.

Other factors that influenced the CCP's co-optation strategy are consistent with the Party's general criteria for recruiting new members: the CCP prefers young, male and highly educated candidates for membership. In fact, as recruiting entrepreneurs became a regular part of the task of Party building, the pattern of which entrepreneurs the Party recruited became more like the general criteria. Annual reports of overall Party recruitment results highlight that approximately three-quarters of new members were 35 years of age or younger and have at least a high school education. The same is true for private entrepreneurs. In the 1999 survey, 65 per cent of them joined the Party when they were 35 or younger, but 77 per cent did so in the 2005 survey. Men were about one-third more likely than women to be co-opted in the 1999 survey, but almost twice as likely in the 2005 survey. In overall Party recruitment,

men are about four times more likely to join the Party than women, so the odds are better for women if they are successful entrepreneurs. The odds of an entrepreneur being recruited were better than one in three for those with a college degree, about one in four for those with a high school degree, but less than one in eight for those with a middle school education or less. Education standards for women may be higher than for men: in the 2005 survey, 88.9 per cent of women entrepreneurs co-opted into the Party had college degrees, compared to only 36.7 per cent of men. With limited spots allotted to women, they may face higher educational requirements. Membership in the Communist Youth League remains the fast track to Party membership, as shown by its large and statistically significant coefficient. Of the co-opted entrepreneurs, 88.7 per cent had been in the Communist Youth League in the 1999 survey, and 83.9 per cent in the 2005 survey. Ironically, most of the non-CCP entrepreneurs (56.2 and 64.3 per cent in the 1999 and 2005 surveys, respectively) had also been in the League. In the case of entrepreneurs, the CCP also prefers those who have roots in the community: the longer the entrepreneurs had been in business and the longer they lived in their current county, the more likely they were to be co-opted into the Party.

Why do private entrepreneurs want to join the CCP? The most obvious reason is economic benefits: in the 2005 survey, 51.3 per cent of co-opted entrepreneurs and 54.3 per cent of those who wanted to join the CCP said a main motivation was the economic benefits to themselves or their firm. Good political connections are always useful in business, and especially so in China, where the market economy is still not fully developed and is subject to political intervention. Membership in the Party, and in particular whether an entrepreneur joined the Party before or after going into business, is an important correlate of the characteristics of private firms in these samples. As shown in Table 4, firms owned by Party members have higher sales revenues, more workers and higher levels of fixed assets than non-members. Not surprisingly, most red capitalists, and those who want to be, agree that Party members have advantages in business (Table 3). Those who do not want to join the Party are much less likely to share this viewpoint: 22.2 per cent of this group said Party membership made little difference for the enterprise. Another 18.1 per cent said they were too busy to join, which is consistent with Party membership making little difference: if it provided substantial benefits, they would undoubtedly find the time to apply. This attitude indicates that the CCP's growing support for the private sector benefits even non-Party entrepreneurs.

**Table 4: Characteristics of Surveyed Private Enterprises, 1999 and 2005**

	1999	2005
Annual sales (million RMB)		
<i>All entrepreneurs</i>	3.5	12.5
<i>Xiahai entrepreneurs</i>	5.3	18.6
Co-opted entrepreneurs	3.4	13.6
Want to join CCP	3.1	7.2
Do not want to join CCP	2.6	8.5
Number of workers		
<i>All entrepreneurs</i>	41.8	74.4
<i>Xiahai entrepreneurs</i>	75.4	95.5
Co-opted entrepreneurs	38.6	91.4
Want to join CCP	27.5	55.5
Do not want to join CCP	28.9	54.5
Fixed assets (million RMB)		
<i>All entrepreneurs</i>	2.3	7.0
<i>Xiahai entrepreneurs</i>	4.3	10.3
Co-opted entrepreneurs	2.1	6.7
Want to join CCP	1.7	4.5
Do not want to join CCP	1.6	5.0

The survey data also reveal that the CCP's presence in the private sector grew dramatically between 1999 and 2005. Throughout the 1990s, the near absence of Party organizations and recruitment in private firms was a cause of concern for the CCP. People's Daily reported that of the 1.2 million private firms in 1998, only 14 per cent had Party members and only 0.9 per cent had Party cells.<sup>40</sup> The weakness of Party building in the private sector was reportedly one of the motivations behind the CCP's efforts to promote Jiang Zemin's Three Represents" slogan.<sup>41</sup> As previously noted, because red capitalists are more likely to have Party organizations in their firms, recruiting more entrepreneurs would also allow the CCP to expand its presence in the private sector. In addition, entrepreneurs who want to gain access to China's formal political institutions are more willing to create Party organizations in their firms to show their support for the Party.<sup>42</sup>

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40 Renmin ribao, 12 September 2000, p. 11. On 19 June 2006, Xinhua reported that the CCP had created Party organizations in 97.9% of the 98,000 private businesses of more than 50 staff members that meet conditions of establishing CPC organizations." This is a tad misleading: China had over 3.6 million private enterprises in 2004, so the statement applies at best to less than 3% of China's private firms, and then only to firms with at least three Party members. This is a very selective subgroup of the private sector. In my 2005 survey, only 28.9% of all firms, and only 48.1% of the firms with at least 50 workers, had Party organizations.

41 You Dehai, Sange daibiao' tichu de jingguo yi fabiao de beijing" (The process of raising and background of issuing the Three Represents"), Xuexi yu shijian (Wuhan), September 2000, pp. 18-20, 45.

42 Chen Guangjin, 1992-2004 niande siying qiyequ jiecheng: yige xin jiecheng de changcheng" ( Private entrepreneurs from 1992 to 2004: the expansion of a new social stratum"), in Zhang Houyi et al (eds.), hongguo siying iye fazhan baogao, No 6 20055 (A Report on the Development of China's Private Enterprises) (Beijing: Shehui kexue wenxian chubanshe, 2006), pp. 251-57.

Party membership also brings with it expectations that may deter some entrepreneurs from joining. The most important is increased scrutiny over firm activities. Red capitalists are far more likely than non-Party members to have Party organizations in their firms, and also more likely to have Party members among their workforce (Table 3). This could obviously be a deterrent for some entrepreneurs, who might prefer that the CCP not be able to monitor their firms. If the survey data reported here are indicative of other areas in China, then the CCP's Party-building efforts in the private sector are yielding demonstrable results, especially in firms owned by red capitalists. But the data also indicate that some entrepreneurs prefer to remain outside the Party's embrace.

### **Membership in local people's congresses and political consultative conferences**

In addition to being members of the Party, many entrepreneurs also belong to other prominent political bodies, further integrating them into the political system. At the National People's Congress in spring 2003, 55 entrepreneurs were selected as deputies. Among the delegates to the Tenth Chinese People's Political Consultative Conference also held in 2003 were 65 entrepreneurs from private and non-state firms.<sup>43</sup> Nationwide, over 9,000 entrepreneurs have been elected to people's congresses (PCs) and 30,000 to people's political consultative conferences (PPCCs) at the county level and above.<sup>44</sup>

In my two surveys, nearly the same percentage of respondents were PC or PPCC delegates in both 1999 and 2005 (see Table 5), suggesting a rough quota on the number of entrepreneurs able to be delegates.<sup>45</sup> The distribution of the kinds of entrepreneurs who served, however, changed dramatically. In particular, the percentage of xiahai entrepreneurs among PC delegates grew from 40.7 to 58.6. In the PPCCs, which are designed to be a forum to allow Party and government officials to consult other local elites on a range of policy-related matters, the percentage of red capitalists grew; in the 2005 survey they constituted a slight majority of the entrepreneurs in these bodies.

A multivariate analysis of membership in local PCs and PPCCs puts these descriptive statistics in better perspective (Table 6). Both xiahai and co-opted entrepreneurs are more likely to have been PC delegates than are entrepreneurs who do not belong to the CCP. In addition, members of local industrial and commercial federations (gongshanglian I[f,5() (ICFs), which represent the economic elite of the community, are also more likely to be delegates. ICF leaders nominate candidates for PCs, and they prefer to nominate their own members. This again symbolizes the integration of wealth and power, as economic elites are chosen for spots in formal political institutions. The older the entrepreneurs are and the larger the sales volumes of their enterprises, the more likely they have been PC delegates. The level of education has a curvilinear impact: those with high school degrees have a higher probability of serving as PC delegates than those with less education as well as those with college degrees. Ironically, entrepreneurs living in counties with large private sectors have a lower chance of having been PC delegates. If there is a quota on how many entrepreneurs can be selected as PC delegates, as indicated above, then the odds of any given entrepreneur being selected will be lower in communities with a large pool of entrepreneurs to choose from. The other explanatory variables have little impact.<sup>46</sup>

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43 More private entrepreneurs enter China's top advisory body," People's Daily Online, 2 March 2003.

44 Zhang Houyi, Jinru xin shiqi de Zhongguo siying qiyezhuzhu jiceng" ( Chinese private entrepreneurs enter a new era"), 2004 nian: hongguo shehui xingshi fenxi yu yuce (Blue Book of China's Society 2004: Analysis and Forecast of China's Social Development) (Beijing: Shehui kexue wenxian chubanshe, 2004), p. 318.

45 Ao Daiya criticized this tendency for the CCP to arrange entrepreneurs' participation, because the limited number of spots allotted to them in China's formal political institutions could not meet the growing demand for increased participation; see Siying qiyezhuzhu zhengzhi canyu yanjiu baogao" ( Report on the political participation of private entrepreneurs"), in Zhang Houyi et al, A Report on the Development of China's Private Enterprises, pp. 69-70.

Table 5: Percentage of Private Entrepreneurs in Political Posts

	1999	2005
People's congress		
<i>All entrepreneurs</i>	11.3	10.5
<i>Xiahai entrepreneurs</i>	19.1	18.0
Co-opted entrepreneurs	24.6	15.5
Want to join CCP	5.1	3.0
Don't want to join CCP	5.6	4.5
People's political consultative conference		
<i>All entrepreneurs</i>	4.9	5.3
<i>Xiahai entrepreneurs</i>	6.1	4.2
Co-opted entrepreneurs	6.5	8.9
Want to join CCP	4.4	6.5
Don't want to join CCP	3.8	3.4
Village chief or representative council		
<i>All entrepreneurs</i>	16.1	13.7
<i>Xiahai entrepreneurs</i>	22.8	20.2
Co-opted entrepreneurs	40.6	21.4
Want to join CCP	10.7	10.3
Don't want to join CCP	6.2	3.4

Table 6: Determinants of Political Participation by Private Entrepreneurs, 2005 (probit regression coefficients, with robust standard errors in parentheses)

	People's congress	People's political consultative conference	Village chief or representative council
Political characteristics			
<i>Xiahai entrepreneurs</i>	.653*** (.155)	-.341 (.228)	.793*** (.144)
Co-opted entrepreneurs	.812*** (.189)	.188 (.206)	.824*** (.156)
ICF member	.484*** (.128)	.875*** (.165)	-.042 (.124)
Firm characteristics			
Enterprise revenue (log)	.106** (.038)	.170*** (.051)	-.080* (.036)
Individual characteristics			
Age (years)	.035*** (.012)	.017 (.012)	.111* (.056)
Age <sup>2</sup>	---	---	-.001* (.000)
Gender	.045 (.224)	-.196 (.291)	-.207 (.182)
Level of education	1.183* (.467)	-.019 (.094)	-.205** (.072)
Level of education (squared)	-.203* (.081)	---	---
Years in business	.017 (.013)	.033* (.015)	.022 (.012)
Years in county	.005 (.006)	-.014* (.006)	.018* (.008)
Contextual factors			
Level of development (per capita GDP (1,000 yuan))	-.001 (.009)	-.060*** (.013)	-.026*** (.008)
Size of private sector (non-state firms in county [%])	-.667* (.269)	-.193 (.315)	-.111 (.219)
Constant	-5.654*** (.918)	-2.153** (.705)	-2.803* (1.181)
N =	1019	1019	1019
Chi2 =	117.68***	76.76***	91.02***
Pseudo R2 =	.220	.235	.142

\* p < .05; \*\* p < .01; \*\*\* p < .001

For PPCCs, the results are quite different. Party membership is not a significant factor because membership in these local bodies is roughly evenly divided between Party and non-Party members. However, ICF membership and the sales volumes of their enterprises have positive and significant impacts; ICF leaders also select PPCC delegates and here again they prefer to pick their own. The negative and statistically significant coefficient for the level of local economic development, as measured by per capita GDP, suggests serving in a local PPCC is more common in less developed areas; however, given the relatively small coefficient and that there were only eight counties in the sample, this finding is quite tentative. What may not be expected, however, is the negative coefficient for the number of years respondents had lived in their current counties. From these data, it would appear that relative newcomers

have a better chance of being chosen as PPCC delegates than do longer-term residents, at least among the entrepreneurs in this sample. This again indicates that these large-scale focus groups represent the local elites, not the communities as a whole.

For both these types of political participation, local economic elites - those with the largest firms and ICF membership - are most likely to be granted access.

### **Participation in village elections**

Being a candidate in village elections remains a common form of political participation for entrepreneurs (see Table 5). Overall, 13.7 per cent of the respondents in the 2005 survey had been candidates in elections for either village chiefs or representative councils. This is a slight decline from the 1999 survey, in which 16.1 per cent of the entrepreneurs had been candidates. In both surveys, the vast majority of those who had been candidates (72.5 per cent in 1999 and 75.2 per cent in 2005) were Party members, reflecting the Party's desire to keep all political participation under its control. But here again the types of entrepreneurs who had been candidates changed. A majority of the candidates, 50.3 per cent, were xiahai entrepreneurs in the 2005 survey. This does not reflect more participation by this group (the percentage of xiahai entrepreneurs who had been candidates in village elections declined from 22.8 in 1999 to 20.2 in 2005), but merely their growing share of the numbers of red capitalists. It does, however, suggest that a different dynamic may be at work at the local level. Previously, co-opted entrepreneurs were most likely to run as candidates, suggesting they were most interested in acquiring political positions to match their economic influence. In 1999, 40.6 per cent of the co-opted entrepreneurs had been candidates, but in 2005 only 21.4 per cent had. More research is needed to find out why, but it may be because they encounter too much interference from higher levels, find that the pressures of political office are detrimental to their business interests, or find that the political climate has shifted in favour of the private sector, making it less necessary for them to acquire political office.

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46 The rate of economic growth between 1998 and 2003 did not have a significant effect on participation in people's congresses, political consultative conferences or village elections, and did not interact with the other variables, so was dropped from the model.

The multivariate analysis of Table 6 highlights these relationships. Party membership again makes it more likely that an entrepreneur has been a candidate. ICF membership makes no discernible difference in being a candidate in village elections; unlike PC and PPCC delegates, who are nominated by ICF leaders, village candidates are largely self-selected. The level of development of the county was again negative and statistically significant. What is worth noting here are the variables that do not have the usual effects. The relationship between age and candidacy in village elections is curvilinear: middle-aged entrepreneurs are more likely to have been candidates than either younger or older entrepreneurs. This is in contrast to PC and PPCC delegates, where the relationship with age was positive rather than curvilinear. The entrepreneurs' level of education was negatively related to village candidacy, meaning that entrepreneurs with more education were less likely to be candidates (a test for curvilinearity was negative). The coefficient for sales revenue is negative and statistically significant, indicating that entrepreneurs with the largest firms are less interested in village leadership positions. In other words, higher education, individual prosperity and living in a prosperous community do not increase the odds that entrepreneurs have been candidates in village elections. Normally, these variables increase political

participation,<sup>47</sup> but for at least this form of participation they have the opposite effect, suggesting that electoral candidacy is not seen as an effective means of participation for private entrepreneurs with these characteristics.

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47 R. Kent Jennings, "Political participation in the Chinese countryside," *American Political Science Review*, Vol. 91, No. 2 (1997), pp. 361-72; Tianjian Shi, "Cultural values and democracy in the People's Republic of China," *The China Quarterly*, No. 162 (2000), pp. 540-59.

### **Summary**

In all three types of political posts analysed above, two related and recurring themes stand out: red capitalists hold a growing share of these posts, and xiaohai entrepreneurs in particular have increased in prominence. The CCP is not only relying on former officials and SOE managers to help it monitor the private sector, it is also giving them preferential treatment in granting them access to political posts, whether directly elected or selected with the approval of local officials. This is consistent with its overall strategy of survival: it prefers that political participation be under Party control, and prefers that those who are active in politics be trusted Party members unlikely to challenge the status quo. As shown in the section below, China's private entrepreneurs and red capitalists in particular are not only increasingly integrated into the political system, they have views that are increasingly similar to those of local Party and government officials, making them unlikely agents of political change.

### *Shared Interests, Shared Views*

As noted earlier, the CCP has had two motivations for integrating itself with the private sector: to co-operate on sustaining rapid development and to prevent China's capitalists from becoming an organized political opposition. The analysis of the previous section showed how the first goal was put into practice, and continued high economic growth is implicit proof that it has been successful.<sup>48</sup> But has the CCP also been able to prevent opposition on political issues? More specifically, are the policy preferences of entrepreneurs significantly different from those of Party and government officials?

The growing integration of political and economic elites can be seen not only in the institutional ties detailed above, but also in the converging policy preferences on key issues related to development and its consequences. While Kellee Tsai has questioned whether China's capitalists have the kind of shared viewpoints that would characterize them as a coherent class, from the CCP's perspective the more important question is whether their range of policy preferences are substantially different from those of the state.<sup>49</sup> According to respondents in the two surveys, there was little difference between the state and business on most key policy issues, and what gaps there were narrowed between 1999 and 2005. China's capitalists may not share a unified viewpoint, but neither do they have viewpoints that pose a direct challenge to the status quo or to the CCP in particular.

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48 On the other hand, the growing incidence of corruption also indicates that the integration of political and economic elites also has costs, both for the CCP and for the country as a whole. On this point, see Melanie Manion, *Corruption by Design: Building Clean Government in Mainland China and Hong Kong* (Cambridge, MA: Harvard University Press, 2005); Yan Sun, *Corruption and Market in Contemporary China* (Ithaca: Cornell University Press, 2004); and Pei, *China's Trapped Transition*.

49 Tsai, "Capitalists without a class."

The survey data indicate overall satisfaction with the pace of economic, political and social change. The overwhelming majority of both entrepreneurs and officials were satisfied with the pace of economic reform, with clear increases from 1999 to 2005 in the percentages of those who felt it was about right," and even larger decreases in those who feel it was too slow (see Table 7). Among entrepreneurs, the level of development influences views on this issue. In the poorer counties, 25.2 per cent of the businessmen believed that the pace of reform was too slow, compared to 11.2 in the richer counties. In the areas that had not yet prospered under the reforms, support for a faster pace of change was understandably highest. Among officials, in contrast, there was no difference due to the level of development.

On the issue of the pace of political reform, there was a similar but smaller central tendency among entrepreneurs, with decreases in the percentages who believed it was either too fast or too slow and a consequent increase in the percentage who believed it was just right." The large and increasing percentage of those who expressed satisfaction with the pace of political reform suggests support for the Party's agenda. However, it is also true that the percentage of entrepreneurs who believed the pace of political reform was too slow was twice as large as those who believe the pace of economic reform was too slow. What types of political reforms they would support remains to be seen, but at a minimum we can infer from these data that entrepreneurs would not support a slowing down of political reform.

One of the most salient differences in development strategy is the trade-off between economic growth and political stability. The need to preserve stability amidst rapid economic development is a primary justification for maintaining authoritarian rule, in China as well as many other countries.<sup>50</sup> This trade-off became particularly salient in China as local protests increased sharply. The number of public protests more than doubled during the period between the two surveys, from 32,000 in 1999 to 87,000 in 2005.<sup>51</sup> Many of these protests were the consequence of rapid growth, such as the conversion of agricultural land for industrial development, environmental degradation and official corruption. This growing threat to stability, and the attention given to it by Beijing, should have helped change the views of local officials, leading them to attenuate their support for growth at the expense of stability.

Table 7: The Pace of Reform in China (%)

	Entrepreneurs		Cadres	
	1999	2005	1999	2005
Pace of economic reform				
Too fast	9.7	12.5	8.9	9.4
About right	58.9	70.3	60.6	68.2
Too slow	31.4	17.2	30.5	22.4
Pace of political reform				
Too fast	5.7	4.4	5.6	—*
About right	55.1	59.8	37.5	—*
Too slow	39.1	35.8	56.9	—*

Note:

\* This question was not asked of cadres in the 2005 survey.

50. Samuel P. Huntington, "The goals of development," in Myron Weiner and Samuel P. Huntington (eds.), *Understanding Political Development: An Analytic Study* (Boston: Little, Brown, 1987).

Survey data allow us to see how this trade-off between growth and stability is perceived at the local level, both between levels of the state and between political and economic elites. Both cadres and entrepreneurs were asked whether their top priority was promoting growth or maintaining stability. One of the most remarkable findings in the first survey was the apparent cleavage between cadres and entrepreneurs on this trade-off, one of the few where the two groups were diametrically opposed.<sup>52</sup> However, disaggregating cadres reveals a more interesting story: the difference is not between cadres and entrepreneurs but between county cadres and the rest of the respondents (see Table 8).<sup>53</sup> In 1999, county cadres were most in favour of promoting growth as their top priority: 76.2 per cent favoured growth over stability, almost double the percentage of township/village cadres and entrepreneurs. The difference between township/ village cadres and entrepreneurs was not significant. These results are not surprising: the first survey was conducted at the highpoint of the growth-first strategy of the Jiang Zemin era, and county cadres had a strong incentive to support growth over stability. Economic growth was a hard target" they had to meet in order to get favourable annual reviews and increase their prospects for promotion.<sup>54</sup> Township and village officials are at the front line of defence against popular protest and political instability. While they also need to promote economic growth, the responsibility for stability falls upon them. But the change in priority from the elitism of the Jiang era to the populism of the Hu /Wen era is only partially reflected in the perceptions of local leaders. In 2005, a clear majority of county officials remained in favour of growth over stability, even though the percentage dropped relative to 1999. The numbers for township/ village officials and entrepreneurs, however, showed a slight increase in those who favoured growth, but the majority of these groups still made maintaining stability their top priority. Differences among entrepreneurs and between entrepreneurs and township/village cadres are not statistically significant in 2005, but the difference between both groups and county cadres is ( $p(t) < .001$ ).

**Table 8: Preference for Growth over Stability among Cadres and Entrepreneurs  
(% of those who prefer growth over stability as top goal)**

	1999	2005
<i>All entrepreneurs</i>	41.7	44.6
<i>Xiahai entrepreneurs</i>	39.1	42.9
<i>Co-opted entrepreneurs</i>	29.9	47.3
<i>Want to join CCP</i>	42.1	42.1
<i>Don't want to join CCP</i>	47.9	47.5
<i>All cadres</i>	60.6	49.1
<i>County cadres</i>	76.2	59.3
<i>Township/village cadres</i>	39.6	41.6

51 Richard McGregor, Data show social unrest on the rise in China," Financial Times, 19 January 2006.

52 Red Capitalists in China, pp. 132-34.

53 Kent Jennings earlier showed the importance of disaggregating the bureaucratic levels of Party and government officials when comparing the views of state and society, and he properly pointed out my failure to do likewise in my previous study. See his Local problem agendas in the Chinese countryside as viewed by cadres and villagers," Acta Politica, Vol. 38 (2003), pp. 313-32.

54 Kevin J. O'Brien and Lianjiang Li, Selective policy implementation in rural China," Comparative

Politics, Vol. 31, No. 2 (1999), pp. 167-86; Maria Heimer, "The cadre responsibility system and the changing needs of the Party," in Kjeld Erik Brodsgaard and Zheng Yongnian (eds.), *The Chinese Communist Party in Reform* (London: Routledge, 2006).

The level of economic development has a limited impact on these results. In 1999, the differences among cadres and between county cadres and entrepreneurs were significant in all eight counties ( $p(t) < .001$ ), regardless of their level of development. Similarly, the difference between township/village cadres and entrepreneurs was not significant in any county. In 2005, the differences between county cadres and the other groups narrowed, and in the four least developed counties the differences were no longer statistically significant. In a multivariate analysis (not shown here), those living in the most prosperous counties where long-term growth and expansion of the private sector was fastest were more likely to prefer stability to growth, all else being equal.

Where do threats to stability come from? Motivations for unrest in China are highly context dependent, and it was not possible to ask about particular conflicts in the different counties. But respondents were asked more general questions about causes of instability. Their responses are shown in Table 9, and several trends are worth highlighting. First, on every question in both the 1999 and 2005 surveys, county level cadres had the lowest scores, indicating that on average they were less concerned with threats to stability arising from economic competition and social pluralism than were township and village officials and all groups of entrepreneurs. In contrast, the views of township/village officials were largely similar to those of entrepreneurs. Second, on the three questions concerning increasing pluralism or diversification, all groups of entrepreneurs saw less of a threat to stability in 2005 than in 1999. In a few cases, the decline was slight, but mostly was greater than five percentage points. Changes among cadres were not as systematic. Third, the biggest difference is on the first question regarding competition: in both years, all groups of entrepreneurs were more concerned about this threat to stability than were officials, and that concern grew between 1999 and 2005, both in absolute terms and relative to officials. Although concerns about social diversity declined for all groups of entrepreneurs, concern about economic competition rose for all of them. Finally, both entrepreneurs and cadres saw economic competition as less of a threat to stability than political and social diversity. In both surveys, entrepreneurs and officials agreed on the rank ordering of threats to stability: economic competition was lowest, competition between parties was highest, and competition among individuals and groups fell in between. While the absolute levels varied over time and among subgroups, the rank ordering was the same. This similarity, especially between entrepreneurs and township and village officials, indicates the common interests and shared views among China's economic and political elites.

Table 9: Perceived Threats to Stability among Private Entrepreneurs and Local Officials (% who agreed with the statements below)

	1999	2005		1999	2005
1. Competition between firms and individuals is harmful to social stability					
All entrepreneurs	24.5	26.4	All cadres	11.9	12.2
<i>Xiahai</i> entrepreneurs	18.7	22.5	County cadres	9.9	10.1
Co-opted entrepreneurs	22.7	27.7	Township/village cadres	14.7	13.8
Want to join CCP	25.2	27.8			
Don't want to join CCP	29.2	29.4			
2. If a country has multiple parties, it can lead to political chaos					
All entrepreneurs	48.0	45.7	All cadres	40.5	40.4
<i>Xiahai</i> entrepreneurs	50.8	49.9	County cadres	36.9	33.9
Co-opted entrepreneurs	47.7	47.3	Township/village cadres	45.3	45.3
Want to join CCP	49.3	44.8			
Don't want to join CCP	42.9	39.8			
3. If everybody does not share the same thinking, society can be chaotic					
All entrepreneurs	37.6	30.7	All cadres	22.0	21.6
<i>Xiahai</i> entrepreneurs	33.9	33.1	County cadres	16.7	18.7
Co-opted entrepreneurs	43.1	26.1	Township/village cadres	29.5	23.8
Want to join CCP	43.6	31.5			
Don't want to join CCP	33.8	29.7			
4. Locally, if there were many groups with different opinions, that can influence local stability					
All entrepreneurs	43.3	34.8	All cadres	33.8	28.8
<i>Xiahai</i> entrepreneurs	40.0	30.5	County cadres	32.3	16.9
Co-opted entrepreneurs	46.5	31.3	Township/village cadres	35.8	37.5
Want to join CCP	41.3	38.9			
Don't want to join CCP	44.7	38.6			

The changing views of co-opted entrepreneurs merit highlighting. This group has the greatest potential for being an agent of change if it were to bring new policy preferences into the Party, but these survey data indicate it is becoming increasingly satisfied with the current state of affairs. In the 1999 survey, it was the most concerned subgroup among the entrepreneurs about the potential for growth to threaten stability, but in 2005 it was the least concerned. Similarly, the percentage of co-opted entrepreneurs who felt pluralism was a threat to stability fell by a larger amount than did either the percentages of *xiahai* entrepreneurs or non-Party entrepreneurs. Although the percentage who felt the pace of political reform was about right declined slightly, from 61 to 59, the percentage who felt the pace of economic reform was about right increased from 62 to 72. These findings do not indicate any significant degree of discontent that would lead co-opted entrepreneurs to press for political change. Instead, the growing levels of satisfaction on these related indicators suggest that co-opted entrepreneurs, and most entrepreneurs in general, are not likely to pose a political challenge under the current circumstances. Rather than being potential agents of change working from within the Party, they may prove to be a key source of support for the Party's agenda. This outcome would vindicate the CCP's strategy of co-opting them.

## Conclusion

The emergence of private entrepreneurs in China reveals anomalies in China's still nominally communist political system, but the Party has been able to adapt its Leninist institutions enough to accommodate them. The CCP is increasingly integrating itself with the private sector, both by co-opting entrepreneurs into the Party and encouraging current Party members to go into business. It has opened the political system to new private economic actors, but still screens which ones are allowed to play political roles. Red capitalists operate the largest firms and are the most likely to be involved in the political arena. Indeed, most of them were already in the CCP before joining the private sector and are more likely to support the status quo. The integration of wealth and power in China is designed to sustain the existing authoritarian political system rather than pose a direct challenge to it. This is a key element of the CCP's strategy for survival, and so far it is working.

The results presented in this article reinforce the findings of my earlier study, and those of other scholars that have looked at the potential for China's private entrepreneurs to be agents of political change. In contrast to the popular perception that privatization is leading inexorably to democratization, and by extension that China's capitalists are democrats at heart, the most recent survey data suggest that they are increasingly integrated into the current political system. They are part of the status quo, not challengers on the outside looking in. On a variety of political questions, the views of entrepreneurs are remarkably similar to local Party and government officials. This again suggests that the growing shared interests of government and business are creating an environment that supports the status quo, rather than one in which businessmen are motivated to press for change.

The close relationship between political and economic elites has drawn the ire of those who feel that these ties are the cause of much of the corruption that plagues China today and of those who feel that the prospects for business success are skewed in favour of Party members. Both of these sentiments are the direct result of Jiang Zemin's elitist strategy of the 1990s, in which the Party courted newly emerging economic and social elites at the expense of its traditional base of support, workers and peasants. Although current leaders Hu Jintao and Wen Jiabao have adopted more populist policies to quell dissatisfaction over high levels of inequality and cronyism, they have not gone so far as to abandon the goal of rapid growth that led to the expansion of the private sector and the growing numbers of red capitalists. So long as the CCP sees high rates of economic growth as a foundation of its legitimacy, the Party's embrace of the private sector is unlikely to loosen.

## **Appendix: The Data**

The data used in this article come from two surveys completed in 1999 and 2005. Four Chinese provinces were selected (Hebei, Hunan, Shandong and Zhejiang), and within each province two counties or county-level cities were selected (in all, three counties and five county-level cities; one of the county-level cities had become a district of a prefecture-level city by the time of the 2005 survey). The counties were selected according to their level of economic development in the late 1990s: one relatively prosperous and one relatively poor county were chosen in each province. The same eight counties made up the 2005 survey, regardless of their current level of development, allowing me to observe trends over time. Although the local rates of economic development varied, the rank ordering of the counties by level of development was nearly identical, with the exception of the sixth and seventh poorest counties, which reversed places.

The survey targeted two specific groups: the owners and operators of private enterprises, and the local Party and government cadres with either general executive responsibilities or particular authority over the private economy. In each county, entrepreneurs were selected from three townships and towns

where the private economy was relatively developed for that particular county. A sampling pool was created using name-lists of enterprises provided by the Industry and Commerce Management Bureau. From this pool, entrepreneurs were selected using a random start, fixed interval system. In both the 1999 and 2005 surveys, the strategy was to concentrate on relatively large scale firms, those with annual revenue of over 1 million RMB, but in practice, this had to be relaxed.

In some counties, the size of the private sector was too small to make this a feasible criterion for inclusion; in other counties, the private sector was large but the size of the firms was small (only firms with eight or more workers were included in the sample), again making the 1 million RMB threshold occasionally impractical. The second targeted group was local officials, specifically chosen based on their areas of responsibility: county-level Party and government cadres, including the Party and government leaders and those in charge of the relevant political, economic and united front departments; township and town (xiangzhen 31Ui) cadres from the places of the enterprises in the sample; and village-level cadres. In each county, approximately 30cadres were selected. Separate questionnaires were used for these two groups, but most questions were asked of both. The questionnaires were self-administered under the supervision of the survey team, who also checked the identity of the respondents to be sure they were the actual mvners of the enterprise, and not a family member or manager. The 1999 survey included 524 entrepreneurs and 230 cadres, and the 2005 survey included 1,058 entrepreneurs and 279 cadres.

# 农民工在中国转型中的经济地位和社会态度

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**提要**：中国在改革和发展中产生的大量从农业向非农产业转移的农民工，通过推动劳动力市场的形成，为中国的市场化转型和现代化发挥了重要而特有的作用。本文基于对2006年在中国28个省市进行的大规模问卷调查资料的分析，发现农民工的收入地位更多地是由教育、工作技能等获得性因素决定的，而不是身份歧视因素所决定的；同时还发现收入和社会地位相对较低的农民工，却意外地具有比较积极的社会态度。影响农民工态度和行为的因素，更重要的可能不是社会横向利益比较，而是自身的纵向利益比较，因而更显著地遵循历史决定逻辑，而不是经济决定逻辑。

**关键词**：农民工；经济地位；社会态度

## 一、问题的缘起

中国的转型包括两个方面，一是从计划经济体制向社会主义市场经济体制转轨，二是从一个农业的、乡村的、封闭半封闭的社会向一个工业的、城市的、开放的现代社会转型。在过去的研究中，更多的研究集中在阐述改革开放对社会结构变迁的推动，而对于社会结构转型本身带来的社会收益，还研究得不够。中国经济的快速成长，其要素之一是劳动力的比较优势，而这种优势很大程度上依赖于中国农村劳动力大规模地向非农产业的转移。如中国与苏东国家相比，除了政治体制、意识形态、改革的步骤和目标的巨大差异，还有一个容易被人们忽视的巨大差异，即社会结构的差异。苏东国家在改革之前，基本已经实现了工业化，农业也基本完成了技术对劳动的大规模替代，社会结构产生了变动的瓶颈和整体的刚性。而中国在改革之初，社会结构的弹性依然很大，社会结构变动具有很大的空间，在基层运作中也存在很大的灵活性。所以，当改革调动起人们的积极性和创造力的时候，整个社会就很快充满了活力。农业中技术对劳动的替代，农村劳动力向非农产业的迅速转移，乡村人口向城市的大量集中，都给社会带来巨大的收益。过去在测算中国GDP增长的贡献因素时，除了资本和劳动的贡献，剩下的一块，我们称为全要素生产率的贡献，而且往往简单地认为全要素生产率的贡献主要来自技术进步和体制改进。但最近据专家测算，仅劳动力从农业向非农产业的转移，对中国1978-1998年GDP增长的贡献就占20%以上，要远高于体制改进因素的贡献(蔡、王美艳，2002)。

但西方有很多学者一直对中国大规模的民工流动可能造成的社会后果表示担忧，中国也有学者把进城的农民工视为对社会稳定的一种威胁。如早在1994年民工潮初起的时候，中国就有学者预言“流民潮几乎就是社会的一个火药桶……反社会的心理将长久地影响曾一度处于流民潮的每一个人……中国社会如果发生大的动荡，无业农民一定是动荡的积极参与者和主要的破坏性力量”。(王山，1994:62-63)。

然而，现在人们更多地把农民工视为经济建设的主力军，而不是社会稳定的破坏者。据专家估计，农民工每年给城市经济创造1-2万亿元人民币的GDP增量，并为农村增加5000-6000亿元人民币的收入(国务院研究室课题组编，2006:62)。另据北京市统计局的测算，目前北京市农民工的劳动力贡献，在建筑业占83%，在批发零售业占49%，在制造业占29%(国务院研究室课题组编，2006:365)。

中国把从农业向非农产业转移的劳动力称为“农民工”。“农民工”这个概念主要指户籍身份还是农民、有承包土地，但主要从事非农产业工作、以工资为主要收入来源的劳动者。2006年1月18日，中国国务院通过了《国务院关于解决农民工问题的若干意见》的文件，这是“农民工”的概念第一次写入中央政府具有行政法规作用的文件。农民工包括两大部分：一部分是在家乡附近乡

镇企业工作的“离土不离乡”的农民工；另一部分是离开家乡到外地去打工的农民工，也称“流动民工”。近十几年来，“农民工”在中国一直是学术界、政策制定部门和新闻界关注的热点。在1984年以前的改革初期，中国农村劳动力向非农产业转移的主要方式是通过乡镇企业，其主要特点是“离土不离乡、进厂不进城”，这曾经被称为“中国式的城市化道路”。1984年，国家放宽了对农民进城的限制，拉开了农民大规模进城务工经商的序幕。1985-1990年，从农村迁出的总人数还只有约335万，而同期乡镇企业新吸纳的农村劳动力为2286万人，乡镇企业仍是农民在职业上“农转非”的主渠道。但1990-1995年情况就大不一样了，根据多项大规模的全国抽样调查结果，外出打工的流动民工占农村劳动力总数的比例平均在15%左右，据此推算1995年达到6600多万人，同期乡镇企业新吸纳农村劳动力2754万人，乡镇企业吸纳农村劳动力的能力开始下降，而进城流动民工的人数仍在快速增加。根据2004年中国国家统计局在全国31个省(区、市)对6.8万农户和7100个行政村的调查，当年外出就业农民工约1.2亿人，占农村劳动力的24%左右。加上在乡镇企业就业的农村劳动力，2004年全国农民工总数大约为2亿人，他们平均年龄28岁左右，绝大多数为初中教育水平，主要从事制造业、建筑业和服务业工作(国务院研究室课题组，2006:3-4)。

本文要回答的问题是，为什么大规模的农民工流动没有引发社会的动荡？处于城市低收入地位的农民工为什么没有产生强烈的社会不满情绪？在城市聚集居住并经常受到不公正待遇的农民工为什么没有产生大规模的集群行为？

本文使用的数据来自我们在2006年3-5月在中国进行的“社会和谐稳定问题全国抽样调查”，此次调查覆盖全国28个省市130个县(市、区)，260个乡镇(镇、街道)，520个村居委会，访问住户7100余户，获得有效问卷7063份，调查误差小于2%，符合统计推断的科学要求。<sup>①</sup>

## 二.农民工的工作条件、工作待遇普遍低于城市工人<sup>②</sup>

从月工资收入的比较来看，农民工和城市工人的收入差距是十分明显的。农民工平均月工资为921元，只相当于城市工人平均月工资1346元的68.4%而且80%的农民工月工资在千元以下，甚至有27%的农民工月工资在500元及以下(见表1)。

① 此项调查按照严格的科学抽样方法，以2000年全国第5次人口普查的区市县统计资料为基础进行抽样框设计，采用分层多阶段抽样方式。首先，采用城镇人口比例、居民年龄、教育程度、产业比例4大类指标7个变量，对东中西部的2797个区市县进行聚类分层，在划分好的37个层中，采用PPS方法抽取130个区市县，在抽中的每一区市县中，采用PPS方法抽取2个乡镇街道，共抽取了260个，在抽中的每一乡镇街道中，采用PPS方法抽取2个村居委会，共抽取520个，收集抽中村居委会中所有居民个人或家庭的名单资料，共覆盖160余万人，近50万户居民。然后，在此抽样框中，采取PPS方法抽样，最后抽中7100样本户，覆盖全国28个省市130个县(市、区)，260个乡镇(镇、街道)，520个村居委会，可推断全国居民总体、分城乡居民人口总体、分东中西部居民人口总体。

② 本文中农民工的界定是具有农业户籍身份从事二、三产业劳动的工资收入者；城市工人指非农户籍身份的从事二、三产业劳动的工资收入者。两者的职业主要包括产业工人、商业服务业员工、办事人员、专业技术人员和经理人员。

表1 农民工与城市工人的月收入比较 (%)

月薪	农 民 工 N	城市工人 N=1126
500 元及以下	27.1	17.1
501 -1000	52.2	37.0
1001 -1500	13.9	21.8

1501 -2000	3.8	11.2
2000 以上	3.0	12.8
总计	100.00	100.00
平均月薪 :元	921	1346

$\chi^2 = 111.83, P < 0.001$

从劳动时间上看，农民工在平均收入远远低于城市工人的情况下，平均劳动时间却大大高于城市工人。尽管中国实行 8 小时工作制，但农民工平均每周工作 56.6 小时，比城市工人每周平均 47.9 小时的劳动时间要多 8 个小时。有 81.4% 的农民工劳动时间超出法定的每周 40 小时，有约 34% 的农民工每周工作在 60 小时以上(见表 2)。

表2 农民工与城市工人的周工作时间比较 (%)

每周工作时间	农 民 工 N	城市工人 N=1146
不足 20 小时	2.31	2.59
21 -40 小时	16.29	44.22
41 -60 小时	47.83	39.50
61 -80 小时	25.85	10.32
80 小时以上	7.71	3.37
总计	100.00	100.00
平均每周工作时长 :	56.6	47.9

$\chi^2 = 199.53, P < 0.001$

对调查数据的分析表明,农民工与城市工人的收入差距,在年龄、职业、地域、教育等各种影响因素中,最重要的因素是人力资本,即受教育水平和工作技术水平。从受教育情况看,农民工中有 45% 具有初中教育水平,但也有 25% 只有小学教育水平,还有 13.3% 未受过正式教育;而在城市工人中,约 70% 都具有高中以上的教育水平,有 34% 具有大学教育水平。从所从事工作的技术水平来看,农民工中从事体力和半体力劳动的比例高达 83.3%,而城市工人有近一半人(49.2%)从事需要专业技能的工作。

表3 农民工与城市工人的工作技能比较 (%)

工作技能	农 民 工 N	城市工人 N=1152
需要很高专业技能的	3.63	14.03
需要较高专业技能的	12.99	35.18
半技术半体力工作	43.03	31.33
体力劳动工作	40.35	19.46
总计	100.00	100.00

$\chi^2 = 226.51, P < 0.001$

多元回归分析进一步证明:当引入人力资本、工作状况、就业地点等因素来考察农民工和城市工人的收入差异时,农民工身份因素对收入的影响竟然消失了(见表 4)。从表 3 的分析结果可以看出,受教育年数较多、能从事专业技能工作、男性、有管理职位、就业于东部地区和大中城市市区

的农民工和城镇工人,都会得到较高的工资;当人力资本、工作状况、就业地点相同的条件下,农民工的工资收入和城市工人并无显著差别。

农民工和城市工人因为身份差异而造成的工作待遇差异,主要不是在工资收入方面,而是在社会保障方面(见表5)。如在养老保险方面,农民工拥有养老保险的占16.3%,城市工人占67.3%;在失业保险方面,农民工拥有失业保险的占6.2%,城市工人占44.5%;在医疗保险方面,农民工能够报销部分或全部医疗费用的占28.4%,城市工人占66.3%。

回归分析进一步证明,即使在同样的人力资本、工作状况、就业地点的条件下,农民工和城市工人拥有的社会保障也有着明显的差异(见表6)。城市工人享有养老保险、失业保险和医疗费报销的机会分别是农民工的2.99倍(1:0.335)、3.22倍(1:0.311)和1.62倍(1:0.619)。

表4 各类因素对农民工和城市工人工资收入的线性回归分析

变量类型	自变量	非标准回归系数	标准误	标准回归系数
常数	-447.84 *	228.69		
身份	农民工(对照组:城市工人)	36.80	76.69	.015
人力资本	劳动技能(对照组:体力工作)	656.41 ***	109.90	.167
	高级专业技能工作	264.44 **	83.23	.098
	较高专业技能工作	154.25 *	69.75	.061
	半技术半体力工作	64.97 ***	9.78	.205
	受教育年	1.67	2.86	.014
	年龄	256.03 ***	54.49	.102
	男性(对照组:女性)			
工作状况	周工作时长	4.04 *	1.83	.052
	管理职位(对照组:无管理职位)	342.82 ***	73.81	.105
就业地点	就业场所(对照组:乡村)			
	大中城市市区	330.37 ***	83.47	.136
	小城镇	-107.52	79.66	-.040
	就业区域(对照组:西部)			
	东部	413.43 ***	71.04	.171
中部	-99.41	76.48	-.038	

R <sup>2</sup> =0. 223	N =1713			

注：“\*” , P<0. 05 ;“\*\*”, P <0. 01 ;“\*\*\*”, P<0. 001 .

表5 农民工与城市工人的社会保障待遇比较 (%)

社会保障	农民工 N=769	城市工人 N		P
有养老保险	16. 3	67. 3	485. 72	. 000
有失业保险	6. 2	44. 5	365. 98	. 000
有医疗报销	28. 4	66. 3	307. 72	. 000

### 三、农民工意外地呈现出积极的社会态度

表 6 各类因素对农民工和城市工人享有社会保障的 Logit 回归分析

变量 类型	自变量	模型 1: 养老金		模型 2: 失业保险		模型 3: 医疗保险	
		B	Exp(B)	B	Exp(B)	B	Exp(B)
	常数	-3.321***	.036	-2.289***	.101	-2.866	.057
岗位	农民工(对照组:城市工人)	-1.092***	.335	-1.168***	.311	-.479**	.619
人力 资本	劳动技能(对照组:体力工作)						
	高专业技能工作	.397	1.488	.650*	1.916	.873**	2.394
	较高专业技能工作	.481*	1.617	.263	1.300	.358	1.430
	半技术半体力工作	.308	1.361	.043	1.044	.132	1.141
	经教育年	.101***	1.106	.103***	1.109	.127***	1.135
	年龄	.033***	1.034	.012	1.012	.044***	1.045
	男性(对照组:女性)	.211	1.235	.321*	1.378	.279*	1.322
工作 状况	离工作时长	-.018***	.983	-.030***	.971	-.014**	.986
	管理职位	.138	1.148	.216	1.241	.357	1.429

续表 6

变量类型	自变量	模型 1: 养老险		模型 2: 失业险		模型 3: 医疗保险	
		B	Exp(B)	B	Exp(B)	B	Exp(B)
单位类型	单位类型(对照组: 个体单位)						
	公有制单位	1.916***	6.793	1.603***	4.962	1.583***	4.868
	私营单位	1.050***	2.857	.824**	2.279	.377*	1.457
就业地点	就业场所(对照组: 乡村)						
	大中城市市区	1.032***	2.808	.739***	2.093	.013	1.013
	小城镇	.378	1.459	-.007	.993	-.466*	.627
	就业区域(对照组: 西部)						
	东部	-.410*	1.506	-.058	.943	.162	1.175
	中部	-.384*	.681	-.631***	.532	-.787***	.455
	N		1594		1559		1519
	-2 Log Likelihood		1568.87		1473.23		1644.84

注: \*、\*\*、\*\*\*, P < 0.05; \*\*\*, P < 0.01; \*\*\*\*, P < 0.001.

按照一般的社会分层理论,人们的经济状况和经济地位,决定着人们的社会态度。这也是一些学者把农民工视为威胁社会稳定的因素的重要原因。但我们的调查却发现,农民工并没有因其经济地位而表现出更加突出的社会不满情绪,反而呈现出积极的社会态度。

在社会安全感方面,农民工的社会安全感明显高于城市工人。我们在调查中把社会安全感分为人身安全、财产安全、劳动安全、医疗安全、食品安全、交通安全、隐私安全七个方面,农民工的评价较高,7项社会安全感均明显高于城市工人,其中只有在“劳动安全”感方面,农民工与城市工人差异较小(见表7)。

表7

社会安全感	农民工	城市工人	$\chi^2$	P
个人信息、隐私安全	89.74 (N=714)	78.93 (N=1099)	65.27	0.000
人身安全	87.18 (N=744)	75.79 (N=1136)	68.37	0.000
财产安全	83.95 (N=742)	77.28 (N=1133)	43.79	0.000
劳动安全	79.14 (N=734)	77.47 (N=1127)	23.81	0.000
医疗安全	70.07 (N=721)	60.11 (N=1093)	39.78	0.000
食品安全	65.57 (N=735)	45.30 (N=1131)	104.47	0.000
交通安全	65.24 (N=740)	60.54 (N=1139)	39.98	0.000

在社会公平感方面,农民工的总体社会公平感也明显高于城市工人(见表8)。在14个社会领域的社会公平感评价中,农民工的公平感明显高于城市工人的有11个领域,包括政治权利、财政税收政策、就业机会、收入分配、教育、地区行业待遇等领域,只有在司法执法、社会保障、城乡待遇3个领域,农民工的公平感低于城市工人。特别值得注意的是,在与就业、收入分配、发展有关的社会领域——如每个人的发展机会、工作与就业机会、财富及收入的分配、不同地区行业间的待遇——农民工的公平感更是大大高于城市工人,均高出10个百分点以上。而人们通常认为,这些领域恰恰是农民工受到社会歧视之所在。

在对地方政府工作的满意度(很满意+比较满意)方面,农民工总体上也同样一般高于城市工人。特别是对地方政府在义务教育、树立良好社会风气、维护社会治安、实现社会公正、依法办事等6个方面,满意度明显高于城市工人(见表9)。

特别令人意外的是,收入较低,通常被人们认为在城市受到不公正待遇的农民工,在社会群体间利益冲突的感知方面,不如城市工人强烈,回答“有严重冲突”和“有较大冲突”的比例仅为城市工人的一半;认为社会群体利益冲突“绝对会激化”和“可能会激化”的比例也比城市工人低16个百分点。当然,对这一问题“说不清”的农民工比例也大大高于城市工人(见表10)。

表8

公平认同的领域	农民工	城市工人	$\chi^2$	P
高考制度	85.70 (N=662)	82.02 (N=1065)	16.51	.001
义务教育	80.83 (N=730)	77.31 (N=1129)	14.84	.002
实际享有的政治权利	73.90 (N=691)	67.57 (N=1055)	11.59	.009

财政和税收政策	66.05 (N=675)	58.65 (N=987)	19.2 7	.000
每个人的发展机会	63.48 (N=730)	53.04 (N=1097)	32.5 2	.000
司法与执法	62.81 (N=668)	63.76 (N=1034)	11.8 1	.008
公共医疗	57.10 (N=707)	52.48 (N=1091)	14.6 9	.002
工作与就业机会	53.71 (N=735)	40.99 (N=1109)	35.5 6	.000
财富及收入的分配	45.20 (N=718)	33.46 (N=1083)	34.9 8	.000
养老等社会保障待遇	42.68 (N=682)	48.60 (N=1072)	24.4 7	.000
不同地区、行业之间的待遇	41.43 (N=682)	31.31 (N=1041)	23.0 2	.000
提拔干部	38.46 (N=660)	33.77 (N=1027)	16.2 3	.001
城乡之间的待遇	30.96 (N=712)	30.54 (N=1053)	7.50	.058
总体上的社会公平状况	67.10 (N=708)	58.70 (N=1096)	38.8 0	.000

表9 农民工与城市工人对地方政府工作满意度的比较 (%)

对地方政府的满意	农民工	城市工人	$\chi^2$	P
义务教育	80.53 (N=713)	72.73 (N=1101)	17.95	.000
科技发展与推广	78.31 (N=658)	76.12 (N=1020)	25.92	.000
发展经济	77.01 (N=717)	78.54 (N=1088)	18.35	.000
树立良好社会风气	72.48 (N=721)	64.98 (N=1101)	23.35	.000
维护社会治安	68.48 (N=743)	62.15 (N=1129)	29.47	.000
实现社会公正	67.56 (N=693)	60.16 (N=1063)	25.44	.000
依法办事	65.62 (N=705)	60.82 (N=1062)	25.57	.000
医疗卫生服务	62.11 (N=734)	60.53 (N=1103)	7.67	.053
环境保护	59.76 (N=740)	52.43 (N=1128)	15.85	.001
社会保障和救助	54.62 (N=680)	55.66 (N=1034)	8.76	.033

表10 农民工与城市工人对地方政府工作满意度的比较 (%)

我国是否存在 社会群体之间的 利益冲突	农民工 N=769	城市工人 N=1152	社会群体之间的 利益冲突 是否会激化	农民工 N=769	城市工人 N=1152
有严重冲突	4.21	7.29	绝对会激化	2.90	8.34
有较大冲突	14.42	30.10	可能会激化	35.89	46.08
有一点冲突	49.55	44.91	不太可能激化	32.21	27.94
没有冲突	16.92	9.30	绝对不会激化	5.96	5.07
说不清	14.90	8.41	说不清	23.03	12.57
总计	100.00	100.00	总计	100.00	100.00
$\chi^2 = 77.95, P < 0.001$			$\chi^2 = 32.45, P < 0.001$		

#### 四对农民工具有的积极社会态度的解释

为什么收入较低、被人们认为在城市受到不公正待遇的农民工会具有比较积极的社会态度呢？如何解释这种不符合经济地位决定社会态度的现象呢？

解释之一是和农民工对自身境遇的归因有关。虽然农民工的经济状况和社会待遇低下，但他们倾向于认为这是自身的素质与能力所致，而非社会性因素造成的后果。从表3的回归分析中可知，农民工的工资收入的制约因素主要是人力资本（受教育程度和劳动技能），因户籍身份导致的劳动报酬歧视并不明显。面对这种境遇，要提升自己的经济收入，他们只有依靠自己的勤勉努力和知识技能的提高。这也反映在调查中，农民工比城市工人更重视努力程度和教育对个人成功机会的影响（见图1）。社会保障待遇方面的户籍差异虽然普遍存在，但对于农民工而言，这毕竟不如获得就业岗位和增加收入来的直接与重要。因此，即便农民工为社会公众视为“弱势群体”，但他们自身还是认为存在着“个人发展”和“工作与就业”的机会公平，他们并未将经济、社会地位的不平等（inequality），归因于社会的不公正（injustice）。

解释之二是和农民工的生活期望与权利意识有关。一方面，农民工由于受教育水平较低，生活需求层次较低，期望也低，因而更容易得到满足，所以他们的社会安全感、公平感、满意感、信任感等社会评价也

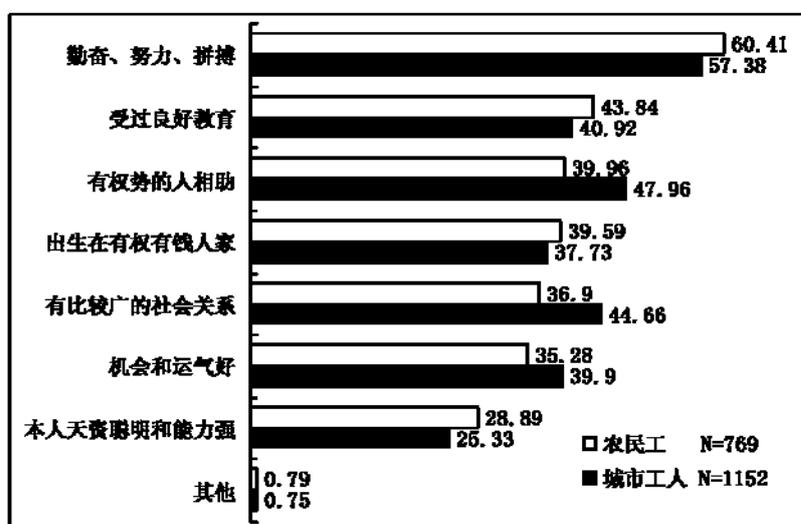


图1 农民工与城市工人对个人成功的归因比较 (%)

就更加积极。相关分析表明，上述的社会评价对社会群体的利益冲突的感知存在着负相关。也就是说，社会安全感越高、公平感越高、满意度越高、社会信任感越高、教育程度越低的人，对当前社会群体利益冲突的感受就越弱，就越不容易认为社会利益冲突有强化的趋势（见表 11），而农民工正是这样的对社会高评价的群体。

另一方面，农民工也缺乏自我权利意识和社会参与性。比如根据调查结果，在民主意识方面，和城市工人相比，农民工表现出较低的社会参与性，较高的权威服从。如“公共场所个人不必负责”和“投稿报纸参加讨论的人是出风头”的赞同率农民工均高于城市工人；而对“民主就是政府为人民做主”、“国家大事有政府来管，老百姓不必过多考虑”、“政府搞建设要拆迁居民住房，老百姓应该搬走”等判断，农民工赞同的比例也都高于城市工人（见表 12）。相关分析也表明，民主一权利意识和对社会群体的利益冲突的感知存在着正相关（见表 11），也就是说，民主一权利意识越低的人，对社会群体利益冲突的严重性就越不敏感。

解释之三是与农民工的比较参照体系有关。农民工更容易与家乡的农民相比较，与自己的过去生活相比较。换句话说，农民工的利益曲线是向上走的，更容易产生比较积极的社会态度。比如在主观认同上，农民工与城市工人相比，更倾向于认为自己属于“群众”、“乡下人”、“低学历者”和“体力劳动者”，与此同时，我们却发现，农民工却并不比城市工人更倾向于认为自己是“穷人”、“雇员”和“被管理者”；和农民相比，农民工对自己是“穷人”、“乡下人”、“低学历者”和“体力劳动者”的认同更少一些（见表 13）。特别是在经济社会地位认同的比较中，农民工甚至并不比城市工人更倾向于认为自己是下层，虽然认为自己属于“中层”的农民工略少于城市工人，而认为自己属于“中下层”和“下层”的农民工略高于城市工人，但差异很小（见表 14）。

表11 农民工与城市工人社会利益冲突感知与社会评价的相关分析<sup>①</sup>

	社 会 安全感	对 政 府 工 作 满 意 度	社 会 信 任 度	社 会 公 平 感	民 主 一 权 利 意 识	受 教 育 年
对社会群体 之间的利益 冲突程度的 感知	-.265 ** (N=1472)	-.300 * (N=1472)	-.258 ** (N=965)	-.281 ** (N=1112)	.200 ** (N=1443)	.221 ** (N=1709)
对社会群体 之间的利益 冲突激化趋 势的感知	-.205 ** (N=1397)	-.258 * (N=1397)	-.242 ** (N=915)	-.219 ** (N=1049)	.170 ** (N=1362)	.185 ** (N=1599)

注：\*，P<0.01。

表12 农民工与城市工人在民主一权利意识方面的比较（%）

民主—权利观念(赞同率)	农民工	城市工人	X <sup>2</sup>	P
公共场所就是个人不必负责的场所	17.78 (N=740)	8.72 (N=1145)	49.18	0.000
政府搞建设要拆迁居民住房,老百姓应该搬走	52.48 (N=699)	47.02 (N=1092)	9.85	0.020
老百姓应该听从政府的,下级应该听从上级的	66.11 (N=738)	53.80 (N=1108)	29.46	0.000
给报社投稿参加讨论的人是喜欢出风头的人	24.60 (N=674)	13.02 (N=1098)	40.87	0.000
民主就是政府为人民做主	77.45 (N=725)	61.60 (N=1117)	51.21	0.000
国家大事有政府来管,老百姓不必过多考虑	44.61 (N=742)	26.11 (N=1136)	71.75	0.000
老百姓交了税,政府爱怎么花就怎么花	14.41 (N=747)	8.92 (N=1135)	29.86	0.000

① 表11 中,社会安全感由7 项有关社会各领域的安全度评分题目合成;对政府工作满意度 由10 项有关政府工作的评分题目合成;社会信任度由13 项对政府、政府信息、政府人员、社区、社会组织、传媒等方面的信任评价题目合成;社会公平感由涉及13 个社会生活层面公平程度的评分合成;民主—权利意识由7 项有关政府—个人权利、社会参与的陈述题目合成。上述题目的分值越低,表示某方面的程度越低(弱),分值越高,表示某方面的程度越高(强)。

表13 农民、农民工与城市工人在身份认同上的比较 (%)

身份认同	农民 N=2703	农民工 N =769	城市工人 N =1152	X <sup>2</sup>	P
穷人	80.83	71.82	70.20	8.94	.011
群众	98.79	96.25	86.77	253.03	.000
乡下人	98.89	89.83	15.31	3358.83	.000
雇员	42.03	84.68	88.05	229.59	.000
被管理者	47.04	80.50	81.02	52.66	.000
低学历者	94.23	88.04	59.18	805.66	.000
体力劳动者	96.56	77.52	44.14	1330.20	.000

表14 农民工与城市工人在经济社会地位认同上的比较 (%)

社会经济地位	农民工 N	城市工人 N=1152
上	. 70	. 36
中上	5. 15	5. 60
中	41. 93	43. 82
中下	30. 63	31. 61
下	21. 26	18. 34
不好说	. 33	. 27
总计	100. 00	100. 00

$$\chi^2 = 3.55, P = 0.471$$

正是由于农民工的利益曲线是向上走的,他们对未来的发展也抱有更加乐观的态度。调查显示,农民工对过去5年来生活水平变化的评价和对未来的生活水平的期望,都比城市工人更积极。有72.3%的农民工认为过去5年的生活水平有所上升,有62.7%的农民工认为未来的生活水平会有所上升,都比城市工人高出约10个百分点(见表15)。

表15 农民工与城市工人在生活评价、生活预期方面的比较 (%)

5年来生活水平	农民工 N=769	城市工人 N=1152	未来5年生活水平	农民工 N=769	城市工人 N=1152
上升很多	10.94	8.09	上升很多	11.49	10.21
略有上升	61.38	53.13	略有上升	51.27	43.77
没变化	18.81	22.71	没变化	12.33	18.63
略有下降	6.21	10.69	略有下降	4.48	8.75
下降很多	2.18	4.67	下降很多	1.52	2.59
不好说	.50	.72	不好说	18.91	16.06
总计	100.00	100.00	总计	100.00	100.00
$\chi^2 = 30.75, P < 0.000$			$\chi^2 = 31.95, P < 0.000$		

## 五. 结论和相关政策讨论

根据以上的分析,我们可以得出以下几点结论:第一,农民工作为一个群体,其收入水平低于城市工人,而其劳动时间多于城市工人;第二,农民工与城市工人的收入差异主要是由于受教育水平和劳动技能的差别;第三,农民工的社会保障水平远远低于城市工人,这种社会保障的差异,与农民工的户籍身份以及农民工的社会保障制度设计有关;第四,农民工并没有因为较低的收入水平和经济社会地位而表现出消极的社会态度,反而呈现出预料之外的积极社会态度,这种状况的形成更主要是由于农民工向上走的利益曲线,以及他们更容易把农民作为比较的参照体系。

由此我们可以得出的具有社会政策含义的结论是:

第一,提高农民工收入水平的渠道,最重要的是提高农民工的受教育状况,加强农民工的职业培训,提高农民工的工作技能。也就是应当主要通过加大对农民工的人力资本投入来提高农民工在劳动力市场上的收入地位,而不是仅仅依赖最低工资标准的提高。

第二,农民工与城市工人最大的非市场化差异或身份差异,集中在社会保障状况方面。户籍体制的改革如果不与养老、医疗、失业等社会保障待遇相联系,对改善农民工的生活状况的作用是有限的。应当抓紧建立适合于农民工流动特点的社会保障体制,消除农民工在劳动力市场上的机会不平等。

第三,应当促进和保护农民工的积极社会态度,把农民工作为新市民看待,取消农民工融入城市社会生活的体制性障碍,加强农民工对城市社会的认同。

最后,中国的城市化不可能完全靠农民进城生活来解决,新农村建设的最终归结点,是生活在乡村地区的绝大多数人主要不再依靠土地种植收益,也能过上城市水准的生活。

中国在改革和发展中产生的大量农民工,不仅因为最早进入真正的劳动力竞争市场而极大地推动了中国从计划经济向市场经济的转轨,也因为承担起中国工厂制造的主力军角色而极大地推动了中国从农业社会向工业化社会的转型。收入和经济社会地位相对较低的农民工,却意外地具有比较积极的社会态度,真正从深层决定农民工社会态度和行为取向的,可能不是经济决定逻辑,而是历史决定逻辑。

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# 2006年中国社会和谐稳定状况调查报告

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当前,我国经济社会发展进入一个新的阶段,出现了一些新的、复杂的阶段性特征和社会问题。在这样一个新的历史起点上,中央提出科学发展观和构建社会主义和谐社会的重大战略任务,体现了与时俱进、高瞻远瞩、继往开来的时代精神和战略眼光,适应了经济社会发展在新世纪、新阶段的客观要求,反映了广大人民群众的根本利益和共同愿望。基于科学严谨的社会调查,认真分析当前社会和谐稳定的形势,这对于我们保持清晰的头脑、准确把握当前影响社会和谐稳定的突出矛盾和问题,是非常必要的。

从2006年3月至7月,中国社会科学院社会学所按照科学严谨的社会抽样调查方法,在全国进行了一次“社会和谐稳定问题全国抽样调查”。此次调查覆盖全国28个省(市、自治区)130个县(市、区),260个乡(镇、街道),520个村(居委会),访问住户7140余户,获得有效问卷7061份,调查误差小于2%,符合统计推断的科学要求。按照严格的科学抽样方法,以2000年全国第5次人口普查的区市县统计资料为基础进行抽样框设计,采用分层多阶段抽样方式。首先,采用城镇人口比例、居民年龄、教育程度、产业比例4大类指标7个变量,对东中西部的2797个区市县进行聚类分层,在划分好的37个层中,采用PPS方法抽取130个区市县。在抽中的每一区市县中,采用PPS方法抽取2个乡(镇、街道),共抽取了260个;在抽中的每一乡(镇、街道)中,采用PPS方法抽取2个村(居委会),共抽取520个;收集抽中村(居委会)中所有居民个人或家庭的名单资料,共覆盖160余万人,近50万户居民。然后,在此抽样框中,采取PPS方法抽样,最后抽中7140样本户,可推断全国居民总体。基于此次调查数据,课题组对全国社会和谐稳定形势进行了分析,形成本研究报告。

## 一、关于中国社会和谐稳定的总体判断

调查结果显示,全国绝大多数城乡居民认为,现阶段我国社会基本上稳定的,各种主要社会关系在总体上是比较和谐的。

### (一) 中国社会现阶段总体上比较和谐稳定

#### 1. 多数居民认为我国社会比较和谐

根据调查统计(参见表1-1),8.2%的人认为现阶段我国社会是非常和谐的,66.7%的人认为比较和谐,两项合计达到74.9%;而认为不太和谐的人占15.1%,认为非常不和谐的占1.8%,两者合计为16.9%(亦即六分之一略强);另有8.2%的人感到说不清。因此,总的来看,全国近3/4的人认为现阶段我国社会是总体和谐的(非常和谐+比较和谐)。当然,客观地说,有六分之一多的人认为我国社会不够和谐,是一个不可忽视的问题。

表1-1 关于现阶段我国社会是否和谐的看法分布 单位:人、%

	非常和谐	比较和谐	非常不和谐	不太和谐	说不清	合计
人数	580	4708	129	1066	579	7061
比例	8.2	66.7	1.8	15.1	8.2	100.0

#### 2. 多数居民认为我国社会基本稳定

认为现阶段我国社会比较稳定的人所占比例，略高出认为我国社会比较和谐的人比例（参见表 1-2）：10.6%的人认为我国社会目前非常稳定，65.2%的人认为比较稳定，两者合计占 75.8%。认为我国社会目前不太稳定或非常不稳定的人分别占 15.6%与 1.8%，两者合计为 17.4%。总的来说，在大多数人看来，基本稳定是我国目前社会形势的主要特征，但是人们也看到社会生活中还存在种种不稳定因素。虽然认为社会不太稳定或非常不稳定的人所占比例较少，但不稳定问题本身是具有扩散性的，因而不能因为有较多的人认为社会基本稳定而忽略各种导致不稳定的因素。

**表 1-2 关于现阶段我国社会稳定状况的看法分布 单位：人、%**

	非常稳定	比较稳定	不太稳定	非常不稳定	说不清	合计
人数	748	4607	1105	126	476	7061
比例	10.6	65.2	15.6	1.8	6.7	100.0

尽管人们在现阶段我国社会稳定形势的看法上存在种种差异，但绝大多数人都渴望社会稳定。例如，在调查中，对于“对现在的中国社会来说稳定非常重要”这个判断，表示很同意的人占 56.1%，表示比较同意的人占 40.4%，两者合计占 96.5%；而表示不大同意的人仅占 1.6%，表示很不同意的人更少，只占到 0.4%，两者合计占 2%。可见，努力促进社会稳定，是广大人民群众和社会各界的共同愿望（参见表 1-3）。

**表 1-3 认为现阶段社会稳定非常重要的态度分布 单位：人、%**

	很同意	比较同意	不大同意	很不同意	不大确定	合计
人数	3958	2855	114	26	108	7061
比例	56.1	40.4	1.6	0.4	1.5	100.0

### 3. 九成左右的城乡居民对我国社会经济发展形势比较乐观

现阶段我国经济社会发展进入了一个关键时期，工业化也在总体上进入中期阶段。从国际经验来看，这个阶段也是社会发展容易出现矛盾和问题的时期。我国现实经济社会生活中也确实面临不少矛盾、挑战和压力。但是，从调查结果来看，绝大多数人对于我国在党和政府的领导下解决问题、应对挑战获得进一步的发展是有信心的，态度是乐观的。

调查显示，对“当前中国社会发展出现的一些问题是暂时的”这一判断，表示比较同意或很同意的人占 83.4%；对“党和政府是有办法管理好我们国家的”这一判断表示比较同意或很同意的人占 91.6%；对“我相信下一代的生活会比我们更好”表示比较同意或很同意的人占 93.5%；对“中国目前在国际上的地位值得骄傲”表示比较同意或很同意的人占 88.9%；对“我国经济社会发展的总体状况是很好的”表示比较同意或很同意的占 90.5%（参见表 1-4）。可见，我国社会总体上是一个积极进取、乐观向上的社会。

**表 1-4 对我国经济社会发展形势若干判断的态度分布 单位：%、人**

	很同意	比较同意	不大同意	很不同意	不大确定	合计
当前中国社会发展出现的一些问题是暂时的	27.7	55.7	8.8	0.8	6.9	100.0

党和政府是有办法管理好我们国家的	43.8	47.8	4.3	0.5	3.6	100.0
我相信下一代的生活会比我们更好	63.9	29.6	2.8	0.3	3.3	100.0
中国目前在国际上的地位值得骄傲	44.1	44.8	5.2	0.6	5.4	100.0
我国经济社会发展的总体状况是很好的	36.3	54.2	4.7	0.6	4.2	100.0

## (二) 对社会生活状况的乐观和忧虑情绪并存

调查显示，人们的实际生活状况，在很大程度上影响着人们在社会稳定问题上的社会态度和主观看法。根据调查的结果，可以做出这样一个基本判断：上述主流社情民意是有其客观现实基础的，但这种基础尚非十分牢固。

### 1. 多数人感到过去五年来生活上升

我国家经济社会的健康发展，很重要的标志是要让人民群众的生活水平能够不断得到相应地改善和提高，使人们能够共享改革发展的成果。这种提高不仅要用收入增长、消费水平等物质指标来衡量，也需要得到人们在主观上的认同。在某种程度上，对生活水平上升的主观认同将会有力地影响着人们的下一步行动。调查表明（参见表 1-5），与五年前的生活状况相比，认为“今天的生活上升很多”的人占 9.7%，“略有上升”的人占 53.7%，两者合计占 63.4%。但是，值得注意的是，认为“没有变化”的人占 22.1%；认为“略有下降”的人占 9%，认为“下降很多”的人也占到 4.9%，两者合计接近 14%（即接近 1/7）。

表 1-5 对过去 5 年生活状况评价分布 单位：人、%

	上升很多	略有上升	没变化	略有下降	下降很多	不好说	合计
人数	682	3793	1561	636	349	40	7061
比例	9.7	53.7	22.1	9.0	4.9	0.6	100.0

### 2. 超过一半的人对未来生活变化表示乐观

对国家的经济社会发展的信心与对个人生活发展的信心，往往并不是同步的。一些人可能对大的形势比较乐观，但对个人的发展则不怎么乐观。对关于未来五年生活变化的预期的分析表明，相信其未来五年的生活会“上升很多”的人占 10.6%，相信会“略有上升”的人占 43.3%，两者合计占 53.9%；认为“不会有变化”的占 17%；认为会“略有下降”的占 6.8%，会“下降很多”的占 6.8%，两者合计占 9.5%；还有 19.6%的人对未来五年的生活变化感到不确定（参见表 1-6）。由此可见，在宏观经济发展的过程中，努力提高人民群众个人的发展信心，增加发展的机会，是一个摆在我们面前的艰巨任务。

表 1-6 对未来 5 年生活状况预期的分布 单位：人、%

	上升很多	略有上升	没变化	略有下降	下降很多	不好说	合计
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人数	746	3061	1203	478	190	1383	7061
比例	10.6	43.3	17.0	6.8	2.7	19.6	100.0

### 3. 多数人认为当前社会群体之间存在利益冲突

在发展的过程中，要做到使所有社会群体都能共享改革发展的成果，都能对未来充满信心，这并不是一件容易的事情。不同的社会群体拥有不同的发展能力、条件和机会，因此存在差异是必然的，这种差异在一些特定因素的影响下，就会转化成这样那样的利益矛盾或冲突。这一点，在本次调查结果中有较为显著的反映。对于“我国各个社会群体之间是否存在利益冲突”这个问题，只有 16.3% 的人认为没有冲突；44.9% 的人谨慎地认为“有一点冲突”，18.2% 的人认为有较大冲突，还有 4.8% 的人认为存在严重冲突，三者合计占到 67.9%。其余 15.8% 的人感到“说不清”（参见表 1-7）。这一结果表明，原本可能是潜在的群体利益矛盾，正在逐渐显化，成为被意识到的社会利益矛盾。这是值得人们给予高度关注的。

表 1-7 关于社会群体利益冲突强度的认知分布 单位：人、%

	有严重冲突	有较大冲突	有一点冲突	没有冲突	说不清	合计
人数	339	1285	3171	1149	1117	7061
比例	4.8	18.2	44.9	16.3	15.8	100.0

### （三）利益格局不平衡成为普遍看法

调查表明，现阶段我国社会稳定形势面临的挑战主要来自两个方面。第一个方面是社会关系结构，也就是社会群体之间的利益关系；第二个方面是社会经济发展过程中出现的各种社会问题，它们不一定牵涉基本的社会利益结构，但对每一个社会群体的发展和利益获得都可能产生这样那样的不利影响。

#### 1. 社会利益分配格局不平衡成为社会各界的普遍看法

社会利益关系结构的核心问题是利益分配。利益分配的基本格局是否能够保证社会大多数人获得合理的利益，是这种关系结构是否和谐从而是否有利于社会稳定的关键所在。调查表明，在这个问题上，实际存在着对社会关系和谐和社会稳定的挑战。

关于我国社会利益分配格局不平衡的问题，过去一直是理论学术界在研究和讨论。此次调查表明，社会各界，从普通农民到国家干部，从一般工人到私营企业主，都已经对此形成比较明确的共识。在调查中，我们请被调查者指出近十年来获益最多的三个群体，并且要求按获益大小排序。按照加权的方法（第一选择的权重为 3，第二选择的权重为 2，第三选择的权重为 1）进行整理分析的结果表明，干部以 29.16% 的综合加权得分比重（即综合三种选择的加权得分占综合加权总分的比例）高居第一位；其次是演艺人员，综合加权得分比重为 20.14%；第三是私营业主，综合加权得分比重为 17.61%；第四是国有和集体企业管理者，综合加权得分比重为 16.01%；第五是专业技术人员，综合加权得分比重为 14.09%；他们的比重合计达到 97.01%；农民、工人、农民工和其他社会人员排在第七至第九位，综合加权比重合计不到 3%。值得注意的是，这种排序格局，是各个社会阶层都认同的（参见表 1-8）。

表 1-8 各社会阶层对近十年来获益最多群体的综合排序

体 排序群体	国家干部	私营企业主	演艺人员	专业技术人员	国有、集体企业管理者	工人	农民	农民工
农民	1	2	3	4	5	6	7	8
工人	1	4	2	5	3	7	6	8
干部	2	3	1	5	4	8	6	7
专业技术人员	2	4	1	5	3	8	6	7
个体工商户	1	5	2	4	3	7	6	8
私营企业主和 非公企业经营 管理人员	2	3	1	5	4	8	6	7
在校学生	2	5	1	3	4	8	6	7
无业失业人员	1	3	2	5	4	7	6	8
其他	1	4	2	5	3	7	6	8

干部被排在获益群体的首位也是值得警惕的现象，在过去多数年份的同类调查中，排在首位的多数情况下是私营企业主，现在发生这样的变化，一方面与市场竞争的加剧和干部待遇的稳定有关，另一方面也与一些腐败现象的蔓延对干部形象的影响有关。

## 2. 超过三分之一的人认为群体利益冲突可能激化

在市场化、工业化的过程中，按照一部分人、一部分地区先富起来的发展战略，在一个时期内，必然会出现社会利益分配格局不平衡的现象。但是，对于一个现代社会来说，如果这种不平衡格局持续时间过长，先富不能带动后富，则可能激化社会群体利益矛盾。利益矛盾是不可避免的，关键问题是不要激化矛盾，使之成为社会不稳定因素。然而，调查表明，不少人确实担心或者认为这种矛盾会激化。例如，对于“我国社会群体利益矛盾是否可能激化”这个问题，持完全否定态度（即认为绝对不会激化）的人仅占 8.6%，谨慎地认为不太可能激化的人占 30.4%，两者合计占 39%；认为可能会激化的人占 33.6%，认为绝对会激化的人占 5%，两者合计占 38.6%。还有 20.4%的人态度犹疑，说不清是否可能激化（参见表 1-9）。

表 1-9 关于社会群体利益冲突激化可能性的看法分布 单位：人、%

	绝对会激化	可能会激化	不太可能激化	绝对不会激化	说不清	合计
人数	351	2375	2146	610	1579	7061
比例	5.0	33.6	30.4	8.6	22.4	100.0

## 3. 社会综合安全感达到 70%以上，但部分群体的安全感低于平均水平

本次调查对人们在财产安全、人身安全、交通安全、医疗安全、食品安全、劳动安全、个人信息安全等七个方面的社会安全感进行了测量。其中，认为人身比较安全或很安全的人所占比例最高，达到 80.5%；认为食品、医疗与交通比较安全或很安全的人所占比例最低，分别仅为 49.6%、62.9%与 64.1%，在其余三个方面，认为比较安全或很安全的人所占比重都在 76%以上（参见表 1-10）。

表 1-10 社会安全感综合测量结果 单位：%

	很不安全	不大安全	比较安全	很安全	不大确定	合计	平均安全指数
财产	3.2	16.9	58.3	18.9	2.7	100.0	73.8
人身	2.0	15.0	59.8	20.7	2.5	100.0	75.5
交通	4.5	28.1	51.9	12.2	3.3	100.0	68.5
医疗	4.5	26.2	53.2	9.7	6.4	100.0	68.3
食品	7.1	29.0	46.7	12.9	4.2	100.0	67.0
劳动	2.2	15.1	59.5	17.6	5.6	100.0	74.5
个人信息与隐私	1.6	10.1	56.4	21.7	10.2	100.0	77.3

说明：社会安全感指数的计算方法是：首先对各个选项赋值，“很不安全”赋值 1，“不大安全”赋值 2，“比较安全”赋值 3，“很安全”4；然后计算每一个方面的平均赋值（但不考虑“不大确定”），并以该平均得分除以最高安全赋值（即 4）再乘以 100，便得到百分制的压力指数。

根据被调查者对不同方面的安全程度的评分，我们计算了综合平均安全感指数，其值为 72.1。如果把综合平均安全感不到 50 定义为安全感较低，把综合安全感为 50 以上 75 以下定义为安全感中等，把综合安全感在 75 及以上定义为安全感较高，则安全感较低的被调查者占 2.5%，安全感中等的占 49.4%，安全感较高的占 48.2%。

## 二、影响社会和谐稳定的突出问题

随着中国经济社会结构和利益格局发生的深刻变化，我们在发展中迫切需要解决的一些重点和难点问题也发生了变化，对此需要有清醒地认识。

### （一）收入分配差距过大

当前，我国城乡之间、区域之间以及经济社会之间发展不协调问题比较突出。对于广大人民群众来说，这些不协调的最直接最突出的表现，是国民财富分配和资源配置的差距。

#### 1. 人均年收入差距：基尼系数至少达到 0.496

根据调查结果，在排除少数极端值（极高极低）后，2005 年的城乡居民人均可支配收入（纯收入）19971 元，人均 5525.3 元。按家庭人均收入进行五等分计算，最低 20% 的人占有的收入份额为 3.0%，中下 20% 的人占有 7.0%，中间 20% 的人占有 11.8%，中上 20% 的人占有 19.8%，最高 20% 的人占有 58.4%。

从表 1-11 可以看出，我国收入分配的差距是巨大的。就总体而言，基尼系数<sup>39</sup> 在未对收入数据进行调整的情况下，高达 0.517，在经过几次调整之后，仍然达到 0.496。最高 20% 收入组占有的收入份额，是最低 20% 收入组占有份额的 18.2 倍。各地区之间的差距最大达到 2 倍多，但各地区内部的差距也很突出，并且呈现出一种马鞍型，即西部和东部的内部差距都大于中部地区的内部差距。在务农收入占家庭总收入 30% 以上的农业户、务农收入占家庭总收入 30% 以下的非农兼业户以及完全没有农业收入的非农户之间，平均差距最大达到 3.32 倍之多。他们内部的差距也比较大。但这里的分析中最值得关注的问题是，应当特别关注真正的务农农户的收入增长。

<sup>39</sup> 基尼系数的计算公式为： $G = \frac{1}{n} \sum_{i=1}^n |x_i - \mu|$ ，其中， $n$  为样本数， $\mu$  为样本均值， $x_i$ 、 $x_j$  为样本值。据中国人民大学课题组的计算，2004 年我国城镇居民人均年收入分布的基尼系数为 0.561。参见《中国社会发展研究报告（2004）》，中国人民大学出版社 2004 年版。

**表 1-11 人均收入及其分布**

	人均收入 (元)	最高 20%与最低 20%收入组的收入份额比	基尼系数		
			未调整	舍弃百元以下与百万元以上样本	舍弃 500 元以下与 10 万元以上样本
总体	5525	18.2 : 1	0.536	0.517	0.496
西部	4313	16.8 : 1	0.512	0.502	0.498
中部	4898	13.1 : 1	0.478	0.475	0.467
东部	9641	16.4 : 1	0.534	0.502	0.477
农业户	2974	11.9 : 1	0.457	0.456	0.435
非农兼业农户	5089	9.5 : 1	0.440	0.439	0.438
非农业户	9871	13.4 : 1	0.499	0.476	0.452
东部、中部、西部人均年收入之比 (以西部为 1) : 2.23 : 1.14 : 1。					
非农户、非农兼业农户与农业户的收入比 (以农业户为 1) : 3.32 : 1.71 : 1。					

## 2. 财产分配差距远超过收入差距

由于我国目前还没有个人和家庭财产登记制度，关于这方面的真实信息也很难掌握，这次调查特意设计有关指标，以便反映目前的财产分配情况。调查结果表明，城乡居民家庭人均财产分配的差距已经远远超过了当年家庭人均收入差距。

关于家庭财产，本次调查覆盖了房产、金融资产（股票、证券、存款、手持现金、借出去的款项等）、耐用消费品（包括非生产用小汽车等）、生产性固定资产、生产性流动资产、其他资产以及债务等方面，为了与避免与企业经营性资产（以及债务）相混淆，这里主要考虑被访者家庭的房产、金融资产、耐用消费品三项家庭资产。统计表明，这三项资产的人均水平为 33773 元，中位数为 12174 元。

从表 1-12 可以看到，被调查者家庭人均三项资产的分布呈现高度集中的趋势。就调查总体而言，基尼系数在数据未经调整时为 0.675，即使做了必要和可能的调整，基尼系数也达到 0.653；最高 20%收入组的收入份额是最低 20%收入组的收入份额的 72 倍多。地区之间的家庭财产分配差距，可以用人均财产量的比值来衡量，结果为 3.22 : 1.14 : 1，可见，中部与西部的人均财产分配差距与他们 2005 年的人均收入差距相当，但东部地区与中西部地区的财产分配差距更大。三种住户之间的财产分布差距，同样用人均财产量来衡量，其比值关系为 5.28 : 1.54 : 1，可见这种差距比区域之间的相应差距更大，也比三种居民户之间的收入差距大。与年度收入差距相比，家庭财产差距更具有社会标志意义和差距累积意义，因此，对不同地区和不同居民户的生活和发展的影响也更大。

**表 1-12 人均房产、金融资产和耐用消费品财产分布**

	人均财产量 (元)	最高 20%与最低 20%收入组的收入份额比	基尼系数	
			未调整	舍弃 500 元以下和 50 万元以上样本
总体	33773	72.4 : 1	0.675	0.653
西部	18020	62.6 : 1	0.663	0.648
中部	20608	44.4 : 1	0.599	0.585
东部	57958	62.1 : 1	0.639	0.610

农业户	11125	33.9 : 1	0.599	0.587
非农兼业户	17094	29.9 : 1	0.563	0.561
非农业户	58715	51.6 : 1	0.600	0.574

另外, 根据调查, 2005 年户均拥有金融资产 7340 元, 人均 2488 元, 中位数为 100 元, 其分布高度集中, 基尼系数高达 0.883, 最高 20% 组占有其中的 93.6%, 最高 10% 组占有 81.5%, 最高 1% 组占有 31.2%。34.6% 的被调查者家中没有金融资产, 35.4% 的被调查者家庭人均资产在 500 元以下 (含 500 元), 两者合计占 70%。

### 3. 消费差距小于收入和财产差距

根据调查, 全国城乡家庭人均年生活消费支出为 6103 元, 中位数为 4000 元。比较而言, 家庭人均生活消费支出差距的基尼系数相对较低, 但也超过了 0.4, 最高消费组与最低消费组的消费份额之比为 11.6 : 1 (参见表 1-13)。

表 1-13 人均生活消费支出分布

	人均支出 (元)	最高 20% 与最低 20% 消费者的消费份额比	基尼系数
总体	6103	11.6 : 1	0.473
西部	4910	12.1 : 1	0.465
中部	4768	9.4 : 1	0.428
东部	8301	10.7 : 1	0.456
农村	4590	10.7 : 1	0.455
城镇	8331	9.4 : 1	0.432

观察表 1-13 可以看到, 在收入和财富分配方面存在的各种主要差距, 在生活消费支出中同样存在, 只是差距没有那么大了。无论是不同地区、城乡间的平均消费支出的倍比 (非农业户与农业户之间的最大差距为 2.18 : 1)、最高消费组与最低消费组的消费份额倍数, 还是基尼系数, 都比收入差距尤其是家庭财产差距小很多。这可能主要反映了生活消费本身的一个基本特征即人们的基本生活消费总量总是有一定限度的, 也反映了消费支出随收入增加而边际递减的规律。

被调查者家庭人均生活消费支出的结构特点是, 除了食品支出比重较大居于首位之外, 教育支出、医疗支出比重也普遍较高 (参见表 1-14), 分别居于第二位和第三位, 但两个比重之间相差不多, 表明对绝大多数家庭来说医疗支出和教育支出的压力普遍同时较大。

不过, 并不是所有家庭都有同样的支出内容。例如, 在此次调查中, 2005 年, 86.0% 的家庭没有购房分期付款或房租支出, 41.2% 的家庭没有发生教育支出, 7.2% 的家庭无衣着消费支出, 6.9% 的家庭无医疗支出, 6.4% 的家庭无人情支出, 6.1% 的家庭无其他支出, 5% 的家庭没有交通通讯支出, 0.3% 的家庭没有电费支出。这样, 对调查总体的人均消费支出结构影响较大的因素就是教育支出与房贷偿付或房租支出, 有必要分别在排除没有教育支出的家庭与没有住房支出的家庭的情况下考察被调查者家庭的人均消费支出结构。分析结果也体现在表 1-15 中。可以看到, 在这两种情况下, 教育支出比重与房贷偿付或房租支出比重分别发生了显著变化。当然, 医疗支出在这两种情况下始终稳居第三位。这就为前述十大社会问题中包括了“看病难、看病贵问题”、“教育收费问题”以及“房价过高问题”是有客观现实依据的, 人们只要亲身经历了这些事情, 就会有这样的体会。对于那些有房贷偿付或房租支出负担的被调查者家庭来说, 这项支出的负担尤其大一些。我国房产市场价格一直高企的趋势, 显然已经对相关人民群众的生活产生了很大影响。

表 1-14 家庭人均消费支出结构 单位: %

	食品	医疗	教育	人情	交通 通讯	衣着	电费	房贷 房租	其他	合计
调查总体	37.0	11.8	10.6	10.3	7.4	6.3	4.1	2.8	9.7	100.0
不包括 无教育 支出户	34.8	9.4	18.2	9.1	7.2	6.3	3.7	2.7	6.3	100.0
不包括 无房贷 或房租 支出户	32.6	7.9	9.4	6.5	7.1	5.7	3.3	20.3	7.3	100.0

总之，被调查者的生活消费支出的结构特征，就像收入和财产分配状况一样，从一个重要侧面反映了我国经济社会发展不协调、城乡发展不协调的深层次重大问题。

## （二）生活水平提高与生活压力增强的趋势并存

大量的统计数据和研究文献表明，二十多年来，尤其是近十多年来，我国广大人民群众的生活水平有了显著的提高。本次调查也从一个方面揭示了这一点。但是，必须注意到，在人民群众生活水平提高的同时，还有相当部分群众生活困难，并且人们面临的具体生活压力也在增强。

### 1. 多数家庭的生活达到宽裕水平，但部分群众生活仍然困难

如果按照人均生活消费支出的恩格尔系数（即人均食品支出占人均生活消费支出的比重）来判断人们的生活水准，根据调查结果，我国已经有四分之三强的家庭的生活已经达到宽裕及以上的水平。按照国际惯例，家庭人均消费恩格尔系数（食品支出占消费总支出的比重）在30%以下的，属于很富裕；恩格尔系数为30%—39%的，属于比较富裕；恩格尔系数为40%—49%的，属于宽裕水平；恩格尔系数为50%—59%的，属于温饱水平；最后，恩格尔系数为60%及以上的，则还处于贫困状态。从本次调查的结果来看，家庭生活达到很富裕水平的被调查者占34.7%，达到比较富裕水平的占22.1%，达到宽裕水平的占18.5%，三者合计占到75.3%。这充分表明，我国经济社会发展在提升人民群众生活水平方面取得了卓著的成就。

但与此同时，也必须注意到，还有13.5%的人的家庭生活消费水平处于温饱水平，11.2%的人的家庭生活消费还处于贫困状态。而且，调查还显示，即使在人均消费恩格尔系数低于40%的样本户中，尚有6.3%的农户人均年消费支出在1200元以下，每月在100元以下，他们的生活可以说是低水平的，可谓勒紧裤带过日子。可见，我国建设全面小康社会还有一段距离。

消费贫困或仅得温饱的主要原因是收入低。相关分析表明，2005年城乡家庭人均消费支出与人均年收入之间的皮尔逊相关系数为0.523。必须指出，“收入低”的感受具有相对性（主观性），实际收入较高的被调查者也可能觉得其收入还是低了，在调查中，甚至有51.3%的人认为，他们的家庭生活碰到了“家庭收入低，生活困难”的问题，其中不乏收入水平较高的被调查者。但进一步的分析表明，真正收入低的人还是较多地感到有“家庭收入低，生活困难”的问题。例如，按照五等分方法对被调查者家庭人均收入分组以后，在最低收入组的被调查者中，认为其家庭碰到了“收入低、生活困难问题”的人占到74.0%，在中下收入组中，这一比例为61.4%；在中间收入组中为53.6%；在中上收入组中为41.9%；在最高收入组中为23.5%。

另外，还值得注意的是，全国有超过三分之一的被调查者家庭出现当年入不敷出的现象。如上所述，消费与收入的关系是密切的，如果一个社会出现消费不足，很大程度上既是因为收入不

足，也是因为收入分配差距过大，过于集中，导致在全社会平均收入水平较高的情况下出现相当部分群众收入低的问题。近年来，人们普遍感到国内消费不足，拉动消费成为许多人建议的经济发展策略，然而，实际上，各种拉动消费的措施屡不见效。本次调查表明，拉动消费之所困难，关键问题还是相当多的群众收入不足，他们的家庭人均消费支出占人均收入的比重，普遍达到相当高的水平：在全部被调查者中，家庭人均年支出占人均年收入的比重在 50%以下（不含 50%）的占 8.9%，在 50%至 80%（不含 80%）的占 25.0%，在 80%到 100%（含 100%）的占 27.4%，当年入不敷出（即当年人均支出超过当年人均收入）的占 38.7%。可见，有超过 1/3 的被调查者当年家庭收入不抵其家庭生活消费支出，当然，这并不意味着他们一定负债，而可能是动用以前的积蓄，但是，收入不足依然是制约人们消费的主要因素。况且，根据前面的分析，70%的被调查者家庭人均拥有金融资产（包括存款等）在 500 元以下，因此也没有多少积蓄可以动用。

## 2. 医疗、就业、收入分配和腐败成为最突出的社会问题

现阶段我国社会在发展的过程中面临若干对社会稳定具有挑战性的社会问题。在此次调查中，我们列出包括就业失业、收入差距、养老保障、教育收费、贪污腐败、环境污染等等 17 个社会问题(参见表 1-15)，要求被调查者选择三项，并按自己认为的重要性排序。我们同样按加权赋值的方法对选择结果进行了综合整理排序。结果表明，排在第一至第三位的社会问题依次为“看病难、看病贵”、“就业失业问题”和“收入差距过大、贫富分化问题”，其综合加权得分比重分别为 23.92%、13.79%与 11.64%，合计达到 49.35%。排在第四至第六位的是“贪污腐败问题”、“养老保障问题”与“教育收费问题”，综合加权得分比重合计 25.21%。排在第七至第十位的是“住房价格过高”、“社会治安问题”、“城乡/地区差异问题”和“环境污染问题”，其综合加权得分比重合计为 14.32%。总起来说，这十大问题人们考虑的社会问题中占有近 90%的重要性。而且，这种排序不存在明显的地区、城乡、阶层差异。

这十大社会问题大体上可以概括为四大类型：一是基本民生问题，如就业失业问题，看病难、看病贵的问题；二是发展问题，如教育问题与环保问题；三是社会安全问题，如社会治安问题和社会保障问题，社会保障既是民生问题，也是一个广义的社会安全问题；四是社会差距问题，如地区/城乡差距问题、贫富分化问题，贪污腐败问题除了具有政治危害外，也是导致收入差距拉大的一个重要因素。这些问题都关系到广大人民群众切身利益，最容易引发具有普遍性的社会不满情绪。特别值得注意的是，这些问题都与国家的相关制度和政策密切相关，而不仅仅是社会本身的问题。

表 1-15 社会问题综合排序 单位：人、%

	第一选择	第二选择	第三选择	综合百分比	排序
看病难、看病贵	2221	1182	566	23.92	1
就业失业	1371	495	428	13.79	2
收入差距过大贫富分化	767	846	676	11.64	3
贪污腐败	657	621	664	9.67	4
养老保障	476	811	540	8.95	5
教育收费	342	594	430	6.59	6
住房价格过高	193	380	352	4.22	7
社会治安	214	328	369	4.16	8
城乡/地区差距	121	249	354	3.03	9

环境污染	121	234	337	2.91	10
社会风气	107	249	342	2.90	11
进城农民工受到不公平待遇	70	146	336	2.09	12
干群关系	86	185	200	2.06	13
司法不公	50	123	145	1.35	14
征地、拆迁补偿不公	54	81	130	1.13	15
卖淫嫖娼	36	93	107	1.00	16
劳资矛盾	20	44	87	0.59	17
合计	6905	6661	6063	100.0	

### 3. 收入、医疗、住房和子女教育成为最主要的生活压力

此次调查对被调查者亲身感受到的各种具体的生活压力进行了测量,测量结果如表 1-16 所示。从表中可以看到,表中所列问题的实际发生率(即碰到各该问题的人所占比例)在 30% 以上的问题有六个,其余五个问题的实际发生率均在 25% 以下,其普遍性明显不如前六个问题。与此同时,在实际发生率超过 30% 的六个问题中,城乡居民家庭的“生活压力指数”都超过的 25,最高的达到 43.1。由此可以认为,被调查者家庭日常生活中最经常最普遍地碰到的生活压力,主要来自这六个方面。

表 1-16 城乡居民家庭的生活压力情况 单位: %

	压力很大	压力较大	压力很小	没有压力	没有碰到	合计	压力指数
家庭收入低,生活困难	26.1	17.8	7.2	0.3	48.7	100.0	43.1
医疗支出大,难以承受	24.9	15.7	4.6	0.3	54.5	100.0	39.1
住房条件差,建/买不起房	25.8	14.3	4.4	0.5	55.0	100.0	38.9
子女教育费用高,难以承受	17.3	11.8	4.5	0.3	66.0	100.0	28.5
人情支出大,难以承受	10.5	15.6	8.2	0.5	65.2	100.0	26.4
家人下岗失业或无稳定收入	16.3	10.0	3.5	0.3	69.9	100.0	25.6
社会治安不好,常常担惊受怕	8.0	9.1	6.9	0.5	75.5	100.0	18.4
社会风气不好,担心被欺骗或家人学坏	6.2	9.7	6.9	0.5	76.7	100.0	17.1
赡养老人负担过重	8.4	8.3	5.2	0.3	77.7	100.0	17.4
家庭成员有矛盾	2.3	2.6	4.3	0.6	90.2	100.0	6.5

家人与邻居有矛盾,担心发生纠纷	0.8	1.1	2.7	0.5	95.0	100.0	3.0
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说明：压力指数的计算方法是：首先对各个选项赋值，没有遇到赋值为0，遇到但没有压力赋值1，遇到而压力很小赋值2，遇到且压力较大赋值3，遇到且压力很大赋值4；然后计算每一个方面的平均赋值，并以该平均得分除以最高压力赋值（即4）再乘以100，便得到百分制的压力指数。

如果按照“生活压力指数”高低依次排序，则我国人民群众目前面临的第一生活压力是“家庭收入低，生活困难”（简称“低收入压力”），第二是“医疗支出大，难以承受”（简称“医疗支出压力”），第三是“住房条件差，建/买不起房”（简称“住房压力”），第四是“子女教育费用高，难以承受”（简称“教育支出压力”），第五是“人情支出大，难以承受”（简称“人情压力”），第六是“家人下岗失业或无稳定收入”（简称“下岗或无稳定收入压力”）。同时我们根据压力指数计算方法计算了总的生活压力指数。如果计算覆盖表1-16所列举的11个方面，则总平均压力指数为13.0；如果仅仅覆盖六大生活压力，则其平均生活压力指数为33.6。

应当指出，首先，“家庭收入低，生活困难”并不意味着被调查者家庭收入水平处于贫困境地，而更多地与其他压力的存在相关。一方面，如果收入水平足够高，足以应付其他方面的压力，那么人们的相关压力感就会减轻；另一方面，如果其他方面的相关压力不大，那么即使收入相对低一点，人们的相关压力感也不会很大。其次，在这六大压力中，许多都可以在前面关于消费结构的分析中找到客观现实的依据，因而并不是被调查者的无病呻吟。第三，这六大压力无不与人民群众能否安居乐业相关，压力指数越高，群众安居乐业就越难，至少他们的心情难以舒畅，生活态度难以保持乐观。第四，这六大压力中绝大多数不仅仅是人民群众个人的生活问题，也是关系整个国计民生的重大问题，具有很强的国家政策意涵，如医疗支出问题、教育费用问题、就业失业问题、收入问题、住房问题，都是与国家政策和相关制度安排密切相关的问题，是与经济社会发展是否协调相关的问题。正是在以上几个层面的意义上，这些看似个人性、生活性的压力问题，深深地关系到国家的稳定与社会的和谐。在前面已经看到，这六大生活压力多数也进入了现阶段我国社会面临的十大社会问题之列。

#### 4. 不公平感在城乡、地区和行业之间的待遇问题上最强烈

根据调查结果，出乎我们预料的是，尽管调查本身也反映出收入分配差距较大的事实，但多数城乡居民对我国社会的总体公平状况持肯定和基本肯定的态度(参见表1-17)。认为我国社会总体上比较公平的人占57.6%，认为很公平的占4.7%，两者合计占到62.3%。而按照评分方式得出的总体公平感指数，则为67.7%。但是，人们对不同社会领域的公平性的看法是不同的。在表18所列举的13个具体领域中，认为比较公平和很公平的人所占比例超过总体情况判断中的相应比例的领域，只有高考制度(71.5%)和义务教育(76.7%)；关于人们实际享有的政治权利，也有61.9%的被调查者认为是比较公平或很公平的。被调查者持肯定态度的比例低于50%的领域，有财富及收入分配(40.2%)、工作与就业机会(44.4%)、干部提拔(34.4%)、公共医疗(49.8%)、不同地区与行业之间的待遇(33.6%)、城乡之间的待遇(29%)以及养老等社会保障待遇(37.5%)等七个领域，反过来说，认为这七个领域不大公平或很不公平的被调查者所占比例，也超过了总体公平状况判断中的相应比例，分别为49.7%、46.5%、51.0%、39.9%、53.2%、62.8%与50.7%。我们按认为某个领域很不公平或不大公平的人所占比例的大小进行排序，那么，在现阶段，该比例较高的领域依次为：(1)“城乡之间的待遇”，(2)“不同地区与行业之间的待遇”，(3)“干部提拔”，(4)“养老等社会保障待遇”，(5)“财富与收入分配”，(6)“工作与就业机会”，以及(7)“公共医疗”。显而易见，这些领域都与民生有着直接的关系，是几乎每一个人每天都可能要与之打交道的领域，因此几乎每一个人都会对这些领域的公平状况有切身的体会。其他领域并不是与普通老百姓的日常生活没有关系，

表1-17 被调查者的社会公平感情况 单位：%

	很不公平	不大公平	比较公平	很公平	不大确定	合计
财富和收入分配	10.7	39.0	36.2	4.0	10.1	100.0
财政和税收政策	4.7	24.0	48.3	8.2	14.8	100.0
工作与就业机会	9.3	37.2	37.7	6.7	9.1	100.0
个人发展机会	5.4	29.8	45.7	11.0	8.2	100.0
高考制度	2.4	11.3	48.4	23.1	14.8	100.0
干部提拔	14.9	36.1	28.4	6.0	14.5	100.0
公共医疗	9.0	30.9	43.5	6.3	10.3	100.0
义务教育	3.2	14.1	56.0	20.7	6.1	100.0
政治权利享有	5.0	20.6	49.4	12.5	12.4	100.0
司法与执法	5.8	23.8	46.1	9.0	15.2	100.0
地区与行业间的待遇	11.8	41.4	28.9	4.7	13.3	100.0
城乡之间的待遇	17.2	45.6	24.7	4.3	8.2	100.0
养老等社会保障待遇	14.6	36.1	32.2	5.3	11.8	100.0
总体的社会公平状况	3.5	27.1	57.6	4.7	7.1	100.0

例如财政与税收政策就是一个突出的例子，现阶段的财政与税收政策实际上是许多其他问题的一个重要成因，但因为它与普通老百姓的关系并不那么直接，所以大家对其中的公平状况也难以有直接的体认。

### （三）社会阶层认同与社会冲突感知浮现

我国的改革开放是一个社会利益关系调整的过程，也是一个社会利益多样化的过程。在这样的过程中，社会阶层结构也随之发生深刻变化，客观上存在的各种不同社会阶层的阶层意识处于发生发展的过程之中。各个社会阶层之间的利益关系也还没有形成能够互相良性互动和有效协调的机制，矛盾和冲突往往以个体或群体性事件的方式呈现出来，对现阶段乃至今后相当长时期的社会和谐稳定产生不同程度的影响。

#### 1. 社会阶层的认同仍在变动之中

在本次调查过程中，课题组没有使用学术理论界通常使用的关于阶层的术语进行测量，而是运用可以区分不同社会群体的通俗用语，包括富人/穷人、干部/群众、城里人/乡下人、雇主/雇员、管理者/被管理者、高学历者/低学历者、体力劳动者/脑力劳动者等。

相关调查统计结果显示，在“富人/穷人”的归属上，认为自己是富人的占 2.3%，认为自己是穷人的占 75.1%，说不清自己是富人还是穷人的占 22.6%；在“干部/群众”的归属上，3.8%的人认为自己是干部，95.1%的人认为自己是群众，1.1%的人说不清自己是干部还是群众；在“城里人/乡下人”的归属上，认为自己是城里人的与认为自己是乡下人的分别占 28.5%和 68.6%，2.9%的人说不清；在“雇主/雇员”的归属上，自认为是雇主的占 9.8%，自认为是雇员的占 53.1%，37.1%的人说

不清；在“管理者/被管理者”的归属上，11.4%的人自认为是管理者，54.6%的人自认为是被管理者，34%的人说不清；在“高学历者/低学历者”的归属上，自认为是高学历者的占9.2%，自认为是低学历者的占83.2%，7.7%的人说不清；最后，在“体力劳动者/脑力劳动者”的区分上，73.6%的认为自己为体力劳动者，14.5%的人认为自己为脑力劳动者，11.9%的人说不清。

这种阶层认同的情况，说明在快速的社会变迁中，我国社会阶层的认同也还在形成和变化过程中，还没有定型。比如，我国的城市化率已达到42%，非农从业人员的比例已达到53%，但本次调查显示，还有68.6%的人认为自己是“乡下人”。再比如，在这阶层认同的调查中，回答“说不清”的人的比例普遍偏高，也从一个侧面反映了快速变化时期阶层认同尚未定型，也不稳定。我们可以根据说不清自己的相关社会归属的人所占比例来测量上述具有阶层意义的群体区分程度，说不清的人所占比例越少，则其区分度越高，相互之间的边界就越是明确，反之，则阶层边界越是模糊。比较起来，边界最明晰的是干部/群众的划分，其余依次是城里人/乡里人、高学历者/低学历者、体力劳动者/脑力劳动者、富人/穷人、管理者/被管理者、雇主/雇员。

分析起来，边界清晰程度的高低，首先取决于体制性身份规定，干部/群众、城里人/乡里人、高学历者/低学历者的区分度之所以很高，就是因为他们具有较为明确的体制性身份。其次取决于人们的从业方式，例如体力劳动者/脑力劳动者的区分度较高，与他们的工作方式密切相关，而管理者/被管理者的区分度不太高，则可能是因为一部分人在工作中既接受他人的管理又管理另外的人。个体工商户中说不清自己是雇主还是雇员的比较多，所占比例达到39.7%，因为他们中的相当一部分人实际上是自雇用者。再次可能还取决于人们的劳动就业关系的市场化程度，例如雇主/雇员的区分度最低，主要与农民在这个区分上说不清自己的归属相关：在2618位说不清自己是雇主还是雇员的被调查者中，农民有1639人，占62.6%，他们中的大多数人还没有进入劳动力市场；而在私营企业主和非公企业管理人员中，以及在工人尤其是非公有制企业的工人中，说不清自己是雇主还是雇员的比例分别仅占4.9%和13.8%。最后，人们的某种矛盾的社会心理也对其自我归属有较大影响。例如，富人/穷人的区分度居于倒数第三位，有22.6%的人说不清自己是富人还是穷人，按理说，在一定的地域范围内，谁是穷人谁是富人还是比较清晰的，但“富人”有时候也具有负面的社会意涵，以致一些人不肯“认富”。当然，也有一些人可能认为自己的经济状况介于不穷不富之间，所以说自己属于穷人还是富人。

总之，最能够区分人们的阶层归属的机制，一个是国家制度规定，一个是市场化的机制。这两种机制都能够比较清晰地界定人们之间的利益关系。考虑到中国的市场化程度越来越高，人们的阶层认同的模糊地带也会越来越小，相应地，不同社会阶层之间的利益关系也会越来越清晰。这就提出了一个问题，即如何在新的社会条件下建立不同阶层之间的利益协调机制。

另外，如果说，上面分析的主要是人们的群体类别归属，那么，当人们考虑自己在一个社会的社会经济地位时，他就是在寻找自己的地位归属。按照惯例，我们把一个社会中的人们的社会经济地位划分为五个层级，即下层、中下层、中层、中上层和上层。在此次调查中，认为自己的社会经济地位属于上层的仅占0.5%，把自己归入中上层的占5.4%，归入中层的占39.6%，归入中下层的占29.1%，归入下层的占24.5%，还有1%的被调查者说不清自己的地位层级归属。因此，对99%的被调查者来说，他们的社会经济地位归属也是清晰的，且其中有93.1%的人把自己归入中层以下。这种地位归属分布，与课题组一些成员在以前的调查发现的地位归属分布更加向下集中。而与国际上的一些调查结果比较，这种自我归属下沉的趋势更加明显（参见表1-18）。

**表 1-18 城乡居民经济社会地位归属与比较 单位：%**

	上层	中上层	中层	中下层	下层	说不清
美国	1.9	15.7	60.7	17.4	3.6	
法国	0.4	10.9	57.7	25.2	5.3	
巴西	4.4	13.1	57.4	17.2	5.5	

日本		1.1	12.5	56.0	24.4	5.0	
韩国		1.1	14.7	51.0	23.7	9.0	
印度		1.2	12.0	57.5	21.7	7.5	
中国	2002年31个大城市调查	1.6	10.4	46.9	26.5	14.6	
	本次调查	0.5	5.4	39.6	29.1	24.5	1.0

另外，被调查者对自己的经济社会地位的归属，与他们给予其家庭的社会地位归属高度相关，等级相关系数达到 0.899，与他们的地区（东中西部）有轻微的负相关（等级相关系数为 - 0.067），与城乡有一定程度的正相关（等级相关系数为 0.109），与按照收入构成划分的住户类型不相关。

## 2. 社会差别中最为显著的是贫富差别和干群差别

根据调查，在列举的富人/穷人、干部/群众、城里人/乡下人、雇主/雇员、管理者/被管理者、高学历者/低学历者、体力劳动者/脑力劳动者等七大社会差别中，有 50.7%的人认为富人与穷人之间的差异最大，认为干部与群众差异最大的占 17.5%，认为城里人与乡下人之间差异最大的占 9.5%，认为管理者与被管理者之间差异最大的占 3%，选择雇主与雇员之间差异最大的占 2.7%，认为脑力劳动者与体力劳动者之间差异最大的占 7.1%，认为高学历者与低学历者之间差异最大的占 4.5%，还有 5%的人说不清哪两个群体之间差异最大。

与此同时，关于哪两个群体之间最容易出现矛盾和冲突的问题，被调查者的回答也较多地集中贫富关系和干群关系上：认为最容易出现矛盾的两个群体是干部与群众、穷人与富人、管理者与被管理者、雇主与雇员的，分别占 28.3%、24.0%、13.4%与 12.0%，合计占了 77.7%；而认为是城里人与乡里人、高学历者与低学历者以及体力劳动者与脑力劳动者的，分别仅占 5%、2.3%与 2.1%。还有 12.9%的人说不清。

## 3. 五大社会矛盾纠纷成为人们感知较强烈的现实利益问题

在调查中，我们向被调查者提及了 12 种在现实生活中发生比较多的社会矛盾、纠纷甚至冲突，让他们回忆在最近 5 年中是否以某种方式经历过这样的事件。调查结果如表 1-19 所示。在这里，我们更加关心的是矛盾纠纷的社会知晓率和参与率这两个指标。社会知晓率就是所有亲身经历者、从周围人们听说或者自己见过的人以及在媒体上听过或见过的人合计占全部被调查者的比例，可以简单地用 100 减去从未听说者的比例得到社会知晓面。所谓参与面，就是亲身经历过某种社会矛盾纠纷者所占比重。我们将用这两个指标来分别测量各种社会矛盾纠纷的社会影响面和发生面。

从表 1-19 的数据来看，所列举的各种社会矛盾纠纷都有比较可观的社会知晓率。其中，有 10 种矛盾纠纷的社会知晓率高于 50%，尤其是贪污腐败、侵吞国有和集体财产问题的社会知晓率高达 73%。有 5 种矛盾纠纷的参与率高于 10%，尤其是因学校乱收费而产生的矛盾纠纷发生率达到 19%。应当指出，这些社会利益矛盾本质上是社会阶层利益矛盾的反映。

表 1-19 最近五年的社会矛盾纠纷经历 单位：%

	亲身经历	听周围人谈论过或见过	从媒体上听过或见过	从来没有听说过	合计
政府有关部门乱收费	16.7	25.5	25.8	32.0	100.0
学校乱收费	19.0	24.9	24.4	31.8	100.0
征地拆迁移民及补偿不合理	7.8	22.7	25.9	43.5	100.0
医患纠纷	3.4	19.5	35.5	41.5	100.0

司法不公、执法粗暴	5.3	20.7	32.9	41.1	100.0
<b>下岗失业没有得到妥善安置</b>	<b>11.0</b>	<b>21.7</b>	<b>27.5</b>	<b>39.8</b>	<b>100.0</b>
贪污腐败、侵占国家集体财产	3.2	23.8	46.0	27.1	100.0
<b>拖欠/克扣工资、超时劳动</b>	<b>10.4</b>	<b>21.4</b>	<b>34.1</b>	<b>34.0</b>	<b>100.0</b>
工作环境恶劣,老板/经理管理粗暴	4.2	19.3	33.1	43.5	100.0
社会保障纠纷	2.8	16.5	30.7	50.0	100.0
<b>环境污染影响居民生活</b>	<b>18.4</b>	<b>17.4</b>	<b>31.8</b>	<b>32.3</b>	<b>100.0</b>
购房等大额消费中的纠纷	1.6	12.6	28.9	57.0	100.0

当我们判断某种社会利益矛盾冲突对社会和谐稳定的影响大小时，不仅要看其社会影响面，更要看其实际发生面。从表 1-19 可以看到，社会知晓率在 60%以上、发生率在 10%以上的社会利益矛盾纠纷，按照发生率的高低依次是“学校乱收费”、“环境污染影响居民生活”、“政府有关部门乱收费”、“下岗事业没有得到妥善安置”以及“拖欠/克扣工资、超时劳动”。不难发现，首先，这些具有典型性的社会矛盾纠纷，都与冲突一方当事人的利益受到侵害直接相关，因此，那些对广大普通群众的利益没有明显造成直接损害的问题（如社会反映强烈的贪污腐败问题）不能进入五大社会利益矛盾冲突之列；其次，这些矛盾冲突比其他矛盾冲突更具普遍性和持续性，而不是局部的、个别的和暂时性的，因此，像在我国社会引起广泛关注的征地拆迁问题也未能进入五大矛盾冲突之列（当然，这个问题不可忽视，其发生率毕竟有 7.8%）。这就再次证明，直接而具有普遍性的利益冲突是现阶段我国社会和谐稳定的主要挑战因素。需要特别指出的是，“贪污腐败、侵吞国有和集体财产”问题的社会知晓率最高，只是由其引起的矛盾纠纷发生率较低，因而未能进入我们所说的五大社会矛盾冲突之中。但这并不意味着它不重要，它的主要影响是会损害党和政府的社会形象和政治合法性，因而影响国家的政治稳定，而政治不稳定当然是社会不稳定的一个重要根源。总的来说，被调查者对五种发生频率较高的社会矛盾纠纷的知晓率较高，其中可能包括两层含义，一是经济发展与社会发展之间存在不协调，在发展经济的过程中，没有处理好社会发展问题，导致对人民群众利益的侵害随着经济发展水平的提高而加剧。二是随着发展水平的提高，人民群众的权利意识和利益观念也在增强，因而对权益侵害问题的关注程度更高。

#### （四）公共产品供给不足与社会支持网络弱化

我国改革开放过程中发生的一个重要社会结构变化，是人民群众的工作和生活的社会化程度越来越高。改革开放前，国家通过各种“单位”形式（党政机关、社会团体、公有制企事业单位等等）把全体居民都的生活工作都包起来，并通过这样的单位对社会进行全方位的管理，几乎全体社会成员都因此成为所谓的“单位人”。改革开放以后，国家逐步从经济领域和一些社会领域退出，原来的“单位人”从“单位”获得的住房、教育、医疗、就业和生活需要的满足越来越多地被社会化，需要人们到社会上或市场上获得解决，这个过程一般被称为从“单位人”向“社会人”转变的过程。在这个过程中，一个相对独立的“社会生活领域”逐渐形成。问题在于，由于公共产品供给和社会管理制度创新滞后，把问题解决在基层的机制作用有所弱化，部分领域存在社会失范问题，影响了社会的和谐与稳定。

##### 1. 教育、医疗、社会保障等公共产品供给不足

人民群众对主要由政府提供（以及通过政府规范由各种社会经济组织提供）的关键公共产品的需求，包括医疗卫生服务、社会保障和救助、义务教育、环境保护、良好的社会风气和社会治安、以及社会公正等等。在本次调查中，我们以让被调查者对当地政府在公共产品供给工作进行评价（即是否满意）的方式，对我国社会公共产品供给水平进行了间接的测量，结果如表 1-20 所示。

根据调查，对于政府的公共服务供给，人们表示“很满意”或“比较满意”的人所占比例最高的是“义务教育”，达到 71.9%。而在社会保障和救助方面的这一比例最低，没有达到 50%。反过来，人们表示“不大满意”或“很不满意”的比例最低为 29.1%，最高达到 42.1%。也就是说，在本表所列举的这些主要属于政府公共服务范围的领域中，有 29.1%—42.1%的被调查者没有得到满意的供给。

**表 1-20 居民对当地政府公共服务工作满意程度分布 单位：%**

	很不满意	不大满意	比较满意	很满意	不大确定	合计	很满意或比较满意的比例
医疗卫生服务	8.0	28.6	51.4	6.8	5.3	100.0	58.2
社会保障和救助	10.3	31.0	40.3	7.6	10.7	100.0	47.9
义务教育	4.4	16.5	53.2	18.7	7.2	100.0	71.9
环境保护	9.5	26.2	48.4	10.2	5.7	100.0	58.6
树立良好社会风气	4.7	22.8	52.8	11.9	7.7	100.0	64.7
维护社会治安	6.9	23.6	53.0	12.3	4.1	100.0	65.3
实现社会公正	6.3	23.5	48.8	9.9	11.5	100.0	58.7

那么，被调查者的这种评价是否有其现实依据呢？从调查情况来看，就目前我国正在着力建设的三大社会保险（即养老保险、失业保险和医疗保险）来说，情况确实不令人乐观。例如，在全部被调查者中，77.5%的人没有养老保险，88.7%的人没有失业保险，65.4%的人需要完全自理医疗费用（另有 19%的人能够报销一点医疗费，4.8%的人能够报销一半以上的医疗费，7.6%的人能够报销 70%以上的医疗费，还有 3.3%的人不清楚自己能不能报销医疗费）。被调查者的三大保险参加率还存在显著的地区和城乡差异。就地区来说，有养老保险的被调查者比例在东部、中部和西部分别为 31.5%、15.1%和 18.4%，有失业保险的比例分别为 14.6%、6.1%和 9.5%，而需要完全自理医疗费用者所占比例则分别为 57.9%、77.8%和 65%。从城镇与农村的差别来看，有养老保险者的比例分别为 44.2%与 6.8%，有失业保险的比例分别为 21.2%和 2.2%，医疗费用完全自理者的比例分别为 57.5%与 74.3%。

我们根据被调查者对政府在表中所列举的各个方面的的工作表示的满意程度，采取与表 10 相似的赋值方式计算了他们的综合平均满意度。结果表明，他们的综合平均满意度为 68.1%。

## 2. 社会支持网络有所弱化

人们在日常生活中总是会碰到这样那样的、靠个人力量难以克服的困难。在传统社会，人们遇到这样的困难时，主要从家庭以及家族系统得到支持。新中国成立以后到改革开放之前，由于在全社会建立起了“单位人”制度体系，单位（包括农村的生产队）以及政府向人们提供了相当全面的支持。在发达市场国家，人们主要从政府以及发达的社会组织获得支持，因为许多问题可能家庭乃至家族所无法解决的。我国社会支持体系则是：计划经济时代以单位为基础的国家支持体系作用弱化，而能够替补这种角色的社区和社会组织，由社会管理体制创新滞后，还没有发展起来，因而传统的家庭、家族和私人网络逐渐被激活。家庭、家族的社会支持功能的激活本身也许并不是一个严重的社会问题，但是在现代社会毕竟不能仅仅依靠家族体系来支撑，并且社会按照

与市场化和法治化原则组织起来的基础也不能是传统的家族体制。然而，本次调查恰恰表明，社会支持体系存在从“单位”回归家庭、家族和私人关系网的情况。

在本次调查中，为了测量现阶段我国广大人民群众的支持体系现状，我们列举了14种人们在碰到生活困难时可能去寻求并获得帮助的渠道，让被调查者选择他们在遇到实际生活困难中可能获得的帮助渠道。调查结果显示（参见表1-21），如果把被调查者认为帮助较多或帮助很大的人所占比例合计值定义为某种帮助渠道对于人民群众生活的社会支持度，<sup>40</sup>那么，在现阶段，“家庭”的支持最大，其支持度达到87.3%，其次是“家族、宗族”，其支持度为63.8%；第三是“私人关系网”，其支持度为55.5%。排在其后的依次是“社区组织”、“工作单位”、“地方政府”和“党组织”等。

**表 1-21 居民遇到生活困难时各种帮助渠道的支持度 单位：%**

	没有帮助	帮助较少	帮助较多	帮助很大	不大确定	合计	支持度
党组织	64.4	18.1	9.9	2.7	5.0	100.0	12.6
工青妇组织	69.8	16.1	6.5	1.9	5.7	100.0	8.4
社区组织	53.0	26.3	14.1	3.7	2.9	100.0	17.8
工作单位	59.1	15.9	11.6	3.4	10.1	100.0	15.0
地方政府	61.7	20.6	10.2	3.1	4.3	100.0	13.3
宗教组织	80.7	6.4	2.8	1.4	8.7	100.0	4.2
家庭	4.1	8.1	34.9	52.4	0.5	100.0	87.3
家族、宗族	15.8	19.3	38.0	25.8	1.1	100.0	63.8
私人关系网	14.9	26.8	39.5	16.0	2.7	100.0	55.5
行业/专业协会	68.9	12.6	5.1	1.5	11.9	100.0	6.6
慈善机构	80.1	7.7	3.0	1.3	7.8	100.0	4.3
信访部门	78.8	8.4	2.9	1.3	8.7	100.0	4.2
新闻媒体	79.0	8.3	4.1	1.7	6.9	100.0	5.8
司法/执法机构	76.0	9.9	5.0	2.0	7.0	100.0	7.0

社会支持网络体系向家庭、家族、宗族以及私人关系网络回归，一方面可能减轻了政府和单位的负担，但另一方面则可能削弱人们与社会整体以及国家之间的有机联系，削弱社会本身的公共性而强化其私人性、个人性。一些人在其家庭、家族、宗族和私人关系网的帮助都不能解决其困难的时候，就可能求助于其他渠道（如上访、静坐、群体性事件）甚至是反社会的力量（如黑社会性质的组织、团伙等），或者走向其他极端（如在某些情况下诉诸暴力，或者走上绝路）。虽然我们的调查还不能有力地揭示这一点，但社会上的各种黑社会性质的组织、各种犯罪团伙逐渐增多，其组织化程度的不断提高，实际上从一个侧面反映了这个问题。

#### **（五）社会价值整合面临挑战**

<sup>40</sup> 各种帮助渠道的支持度是不可相加的，它只是单独测量某种渠道在人们碰到生活难题时提供支持帮助的可能性的指标。

随着我国经济社会的深刻变化，以及全球化背景下的国际联系日益加强，我国社会的价值观也越来越多样化。价值观念的多样化有其自身的好处，这就是整个社会日益变得丰富多彩。但与此同时，具有社会整合功能的主流社会价值也在这个过程中出现弱化趋势，从而使得社会价值整合面临挑战。可以说，这种挑战对我国社会的和谐与稳定的影响是深层次的，必须予以高度关注。

### 1. 物质利益成为普遍价值追求

社会价值观的多样化在现实生活中有着非常复杂的表现。为了考察社会价值观的这种变化，我们设计了一些与价值观相关、但相互之间并不是和谐一致的能够防止诱导性的提法，让被调查者根据自己的思想和行为取向做出选择。从调查结果看，理想追求仍居重要位置，但舒适、金钱、才能、快乐已经成为绝大多数人的追求，社会价值追求呈现一种离散态势（参见表 1-22）。

关于“为社会做出较大贡献”，表示“比较符合”和“很符合”自己情况的人占 77%，同时有 14.2% 的表示与自己不大符合或很不符合，还 9.1% 的人表示“不大确定”。对照起来，“只求家庭生活舒适和睦”、“希望赚更多的钱”、“充分发挥个人才能”、“追求个人生活情趣快乐”成为绝大多数人价值趋向，选择“很符合”和“比较符合”的人分别达到 91.6%、88.3%、82.1%、79.4%。另外有近 1/4 的人追求权力，超过 1/3 的人追求名声。尽管家庭生活舒适和睦、发挥个人才能、个人生活情趣快乐都属于积极的社会价值追求，但“一切向钱看”的取向也非常明显，社会价值取向的差异和整合难度增大。

表 1-22 社会价值追求的情况 单位：%

	很不符合	不大符合	比较符合	很符合	不大确定	合计
只求家庭生活舒适和睦	0.6	6.9	50.8	40.8	0.8	100.0
希望赚更多的钱	1.1	9.0	39.4	48.9	1.6	100.0
希望做官并做更大的官	26.3	42.3	16.4	8.0	7.0	100.0
希望出名并争取越来越有名	19.7	40.5	24.7	9.2	5.9	100.0
追求个人生活情趣快乐	2.7	13.6	56.4	23.0	4.4	100.0
充分发挥个人才能	1.2	10.3	55.5	26.6	6.5	100.0
为社会做出较大贡献	1.5	12.7	51.5	25.5	9.1	100.0

### 2. 社会风气面临诸多问题

善良正直、吃苦耐劳、敬业互助、诚实守信、热爱祖国等等，是中华民族的优良道德传统，也是我们今天应当执守的道德底线。在本次调查中，为了测量社会的基本道德取舍，我们设计了 18 个相关的道德命题，请被调查者表达他们同意的程度。我们从中择取了 7 个能够反映人们的道德底线意识的命题，并对被调查者提供的答案进行了统计分析。根据分析的结果（参见表 1-23），我们感到，我们社会在总体上执守着道德底线，但社会风气面临诸多问题。

表 1-23 城乡居民主要道德取向分布 单位：%

	很不同意	不大同意	比较同意	很同意	不大确定	合计	同意率
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守信用是一个人做人的根本	0.1	1.1	36.2	62.0	0.6	100.0	98.2
滴水之恩，也一定要报答	0.3	3.5	45.0	50.1	1.0	100.0	95.1
人生就应该要吃好的、穿好的、住好的	9.3	33.0	39.5	15.1	3.1	100.0	54.6
有关系或后台硬，要找份工作不是件难事	2.7	9.6	43.7	40.8	3.3	100.0	84.5
不能吃苦耐劳就不能干成大事	24.4	46.7	18.4	7.7	2.7	100.0	26.1
善良正直的人常常会吃亏	2.8	23.6	41.8	28.0	3.7	100.0	69.8
保卫国家是军人的义务，不管老百姓的事	2.8	23.6	41.8	28.0	3.7	100.0	69.8

同样，我们把比较同意和很同意的人所占比例合计值定义为他们对这些命题的同意率。显然不同命题所具有的道德含义是不同的，所以同意率高低本身含义是需要解释的。“信用”命题和“知恩图报”命题的同意率极高，表明我们社会还是保持了一些最基本的道德底线。“吃苦耐劳”命题的同意率非常低，这可能一方面反映了人们对“才能”的新的认识，另一方面反映了社会享乐意识的抬头。同意“善良正直的人常常会吃亏”和“有关系或后台硬，要找份工作不是件难事”的人比例如此之高，达到了 84.5%和 69.8%，则反映了目前在社会风气方面存在的严重问题。同意“人生就应该要吃好的、穿好的、住好的”这一命题的比率，也达到了 54.6%的水平，尽管有人认为这种道德取向是社会发动的一种动力，但我们也难以无视其中包含的享乐主义道德因素。在国家意识命题上，同意率为 68.9%，可见，天下兴亡匹夫有责的传统爱国思想还是多数人坚守的道德取向。

### 3.影响舆论的主流媒体受到新的挑战

从我国的价值整合机制来说，政府新闻媒体、互联网以及小道消息是三个具有社会影响力的元素。政府新闻媒体是政府倡导的价值（理论上也应当是社会的主流价值）的载体，因而是主流价值整合的主要渠道。互联网作为新兴媒体，具有即时性、多样性、丰富性、开放性、匿名性、虚拟性的特点，对相当一部分人尤其是文化知识水平较高的人有很强的吸引力，成为现代社会价值传播的重要渠道，但互联网所扮演的角色究竟是价值整合还是价值离散，迄今没有定论，这主要是因为互联网所传播的价值本身往往就是非常多元的，有时候是鱼龙混杂的。小道消息从来就不是主流价值的积极载体，相反，往往是谣言借以传播的渠道，大多数情况下其所传播的东西可谓泥沙俱下。因此，如果互联网和小道消息得到受众的高度信任，那就意味着社会主流价值整合受到严重挑战。

表 1-24 媒体的社会信任度 单位：%

	很不信任	不大信任	比较信任	很信任	不大确定	合计	信任度
政府新闻媒体	2.4	15.9	57.7	18.3	5.7	100.0	73.0

互联网	10.1	32.7	21.5	4.1	31.6	100.0	57.0
小道消息	44.3	41.7	6.4	1.5	6.1	100.0	40.8

调查结果表明，政府新闻媒体作为主流媒体，仍然享有较高的社会信任（参见表 1-24）。在全部被调查者中，认为自己比较信任政府新闻媒体的占 57.7%，很信任的占 18.3%，两者合计占到 76%，超过了四分之三。这个比例不算低，但是其中包含着挑战。一方面，对政府新闻媒体表示不大信任和很不信任的毕竟占了 18.3%，还有 5.7%的人说不清自己是信任还是不信任。另一方面，这一信任度的构成本身还不是高质量的，谨慎地表示比较信任的人占了其中的绝大多数。政府新闻媒体作为主流价值整合的渠道，还受到互联网和小道消息的挑战。虽然对互联网表示比较信任或很信任的人所占比例只有 1/4，比较信任或很信任小道消息的人所占比例仅为 7.9%，但是如果根据他们的总体评价计算信任度（计算方法与表 10 相同），则互联网的平均评分值达到 2.29（不考虑表示“不大确定”的人），平均信任度达到 57.0（即平均评分值除以最高信任值 4）；小道消息的平均评分值为 1.63，平均信任度达到 40.8，而按照这种方法计算的政府新闻媒体平均信任度也只有 73.0。

### 三、进一步促进社会和谐稳定的对策建议

#### （一）坚决落实科学发展观和构建社会主义和谐社会的重大战略部署

要纠正单纯以 GDP 的增长速度评价政绩的偏向，把以人为本，全面、协调、可持续发展，落实到干部考核的标准中。要在实践中探索和总结落实科学发展观和构建社会主义和谐社会的道路和经验，用实践来验证具体的政策和措施，根据实践的结果不断进行完善和调整，逐步形成社会主义和谐社会理论。

#### （二）未来五年，要注重解决人民群众最直接的现实利益问题

##### 1. 完善医疗、教育、社会保障等公共服务

从调查结果来看，医疗、教育、社会保障等公共服务存在的问题，成为人民群众不太满意的重点，这是我国人民生活实现温饱以后，人民群众日益增长的需求带来的新问题。要从促进机会公平入手，完善医疗、教育、社会保障等公共服务体系，扩大内需，重点解决农村、生活困难和低收入人口的公共服务供给问题。同时要注意经济增长和福利增长的不同规律，扩大福利要坚持低水平、广覆盖，保持收支平衡，防止超越发展阶段的过快福利增长。

##### 2. 完善土地征用的补偿法规

土地征用和房屋拆迁是目前社会矛盾的高发领域。现在土地出让金是很多地方政府的最大收入来源，在一些地方已经成为预算内财政和预算外财政之外的“第三财政”。近年来，一些地方试行的“土地换保障”做法，收到很好的效果。应该加强对“土地换保障”思路的研究，可以考虑提高中央在地方土地收益上的分成比例，把土地收益作为筹集社会保障基金的重要渠道。

##### 3. 注重大学生就业工作，积极推行志愿者活动

为了缓解大学生就业形势，增强大学生的发展信心，可以考虑通过大力宣传、政府补贴和就业优先等措施，积极推动志愿者活动，使志愿者行动成为扩大公共服务、转变社会风气、缓解大学生就业困难的一种有效形式。

#### （三）未来十五年，要从完善体制机制入手加强和谐社会建设

##### 1. 缓解基层财政的困难，改善基层干群关系

根据这次调查，民众对“政府有关部门乱收费”意见较大，对“干群关系”评价较低，这与部分地区农村基层财政紧张、缺乏服务能力有关系。取消农业税以后，一些农业县的财政更加紧张。

要通过充实基层财政，发展县域经济，缓解县以下基层财政的紧张局面，这是调节基层干群关系的必要措施。

## **2. 顺变而治，推动社会管理方式从单位到社区的转变**

这次调查结果显示，目前社会支持网络主要依赖家庭和私人关系，但社区的作用在显著增加。近年来，随着住房自有化、就业市场化、社会保障社会化、后勤服务市场化等改革，单位组织解决社会问题的能力在弱化，越来越多的社会成员由“单位人”变成“社会人”。要顺变而治，加快城乡社区建设，重建把社会问题解决在基层的体制机制，充分发挥社区在社会整合中的基础作用。

## **3. 提高管理水平，使社会组织快速、健康、有序地发展**

根据国际上的发展经验，在市场经济条件下，为了避免政府直接面对分散的个人而造成的管理成本过高，要通过发展社会组织，使之成为政府与分散的个人之间的中介。要积极发挥社会组织在创造就业机会、提供社会服务、发展第三产业方面的重要作用。在警惕国外敌对势力插手的同时，逐步提高管理水平，完善相应法律法规，依法加强管理，促进社会组织规范、健康、有序地发展。

### **（四）未来二三十年，从长治久安出发需要考虑的几个重大问题**

#### **1. 进一步健全社会主义民主法制**

随着中国经济的快速增长和社会结构的深刻变化，中国政治生活的进一步民主法制化也会成为更加紧迫的要求。要更加积极地探索基层民主和党内民主道路，从百年大计出发考虑我国社会主义基本民主制度的总体设计。更加注重依法治国、依法执政、依法管理。通过渐进式的政治体制改革，在实践中完善有利于中国保持长期快速稳定发展的政治体制。

#### **2. 建立严格的监管制度，从制度上杜绝腐败**

要着手建立个人财产登记制度，并建立公务人员的就职、离职和换岗的财产审查制度。改变目前所得税征收与家庭消费脱钩的状况，建立普遍的个人所得税年度申报制度。增加税务征收力量，提高税务管理和监督的技术水平，加强对偷税、漏税、避税行为高发领域的监管力度。

#### **3. 塑造社会主义核心价值体系**

中国的快速发展以及同时经历的工业化、城镇化、市场化、全球化，使不同的地域人群、不同的社会阶层和不同的年龄段人口，在一些重要的社会价值认同方面，都出现了较大的差异。在新的历史条件下，塑造中国特色社会主义的社会核心价值体系，是一项紧迫而重要的任务。要加强和改进思想政治工作，发扬中华民族的优良道德传统，形成爱国守法、诚信友爱、积极向上、努力拼搏的道德风尚。

#### **4. 探索构建社会主义和谐社会的规律**

中国在发展社会主义市场经济的过程中，在正确处理政府和市场的关系、发挥市场资源配置的基础作用、稳妥地进行经济宏观调控等方面，有了丰富的经验。在构建社会主义和谐社会的过程中，也要积极探索社会建设的规律，正确处理政府和社会的关系，发挥社会的自组织作用，稳妥地进行社会宏观调控。要扩大社会中间层，减少低收入和贫困群体，理顺收入分配秩序，严厉打击腐败和非法致富，实行积极的就业政策，努力改善社会关系和劳动关系，正确处理新形势下的各种社会矛盾，为建立一个更加繁荣富强、公正和谐和充满活力的社会主义现代化国家而奋斗。

Source: 《2007年中国社会形势分析与预测》，社会科学文献出版社，2006年12月

# 2011年中国民生问题及城市化问题调查报告\*

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**摘要:** 2011年,随着政府积极推进以保障和改善民生为重点的社会建设,人们的收入水平得到提升,生活质量稳步改善,生活压力有所缓解,社会保障覆盖面进一步扩大;但物价上涨,看病难、看病贵和收入差距过大、贫富分化等依然是严重的社会问题,人们对腐败问题严重程度的评价也明显上升。城市化进程的加快,深刻影响着今后中国社会的发展,但户籍等相关制度因素及城乡居民间的社会排斥心理,也阻碍着农村进城务工人员在城市的社会融入。而拓宽参与渠道和提高人们参与意愿,有助于增强公民的社会责任感和信任度,从而化解社会矛盾及冲突。

**关键词:** 民生; 社会建设; 城市化

“十二五”时期是全面建设小康社会的关键时期,也是深化改革开放、加快转变经济发展方式的攻坚时期。2011年是“十二五”规划的起始之年,加强和创新社会管理,加快推进以保障和改善民生为重点的社会建设,被提升到前所未有的战略高度。2011年也是中国城市化进程中一个特别值得关注的年度,中国的城乡人口结构发生了逆转,城镇居民的人口规模已超过农村居民的人口规模。近年来,高速的市场化和城镇化带动了大规模的人口流动,快速流动的社会、快速变动的社会结构,高度复杂化的利益结构和人民的多元化的要求,给新时期的社会管理和社会建设提出了很大的挑战。

在这种宏观背景下,为了解当前在城市化进程中的民生状况和社会问题,中国社会科学院社会学研究所于2011年7月至11月,开展了第三次“中国社会状况综合调查”(CSS2011)。此次全国抽样调查覆盖了全国28个省市自治区的100个县(市、区)和5大城市、480个村(居委会),共成功入户访问了6468位年满18周岁及以上的城乡居民。基于此次调查数据和“中国社会状况综合调查”2006年度、2008年度的调查资料,形成本研究报告。

## 一 城乡居民生活状况

### (一) 居民生活水平得到显著提升

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\*“中国社会状况综合调查”是中国社会科学院社会学研究所主持的一项大型纵贯社会研究调查。调查每两年进行一次。第一次的调查时间为2006年4—8月,第二次为2008年5—9月。

#### 1. 居民对生活水平改善的主观感受明显上升

调查结果显示,有75.3%的公众认为,生活水平较五年前有所上升。和中国社会状况综合调查2006年度、2008年度的结果相比,可以看出六年来公众在经济方面的收益感持续增强。认为生活水平有所提升的公众比例,2011年比2008年高了近6个百分点,比2006年度高了近12个百分点。对未来五年生活水平提升有乐观预期的人也分别高了9.3个百分点和13.7个百分点(见表1)。

表1 城乡居民对生活状况的评价(2006—2011年)单位:%

	与五年前相比, 您的生活水平是:			您感觉五年后您的生活水平将会:		
	2011年 N=6466	2008年 N=7139	2006年 N=7061	2011年 N=6466	2008年 N=7139	2006年 N=7061
上升很多	23.4	13.6	9.7	20.9	11.8	10.6
略有上升	51.9	55.8	53.7	46.7	46.5	43.3
没变化	16.9	17.7	22.1	12.9	17.3	17.0
略有下降	5.4	9.3	9.0	5.0	7.0	6.8
下降很多	2.2	3.1	4.9	1.1	1.7	2.7
不好说	0.3	0.5	0.6	13.4	15.7	19.6
总计	100.0	100.0	100.0	100.0	100.0	100.0

六年来的数据分析表明, 农村居民的收益感一直明显高于城镇居民。从图 1 可以看出, 调查的三个年度中, 农村居民认为生活水平有所上升的比例分别为 69.0%、76.3%和 80.9%, 分别高于城镇居民 14.5、13 和 11.2 个百分点。这种趋势表明, 近年来党和政府的一系列保农、惠农、助农、富农政策持续有效, 使得广大农村居民获得了切实的收益。

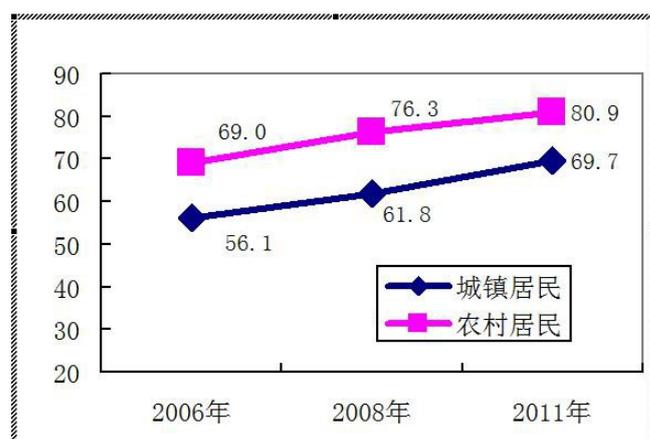


图1 城乡居民认为五年来生活水平有所上升的比例 (2006—2011年) 单位: %

## 2. 居民生活的品质在不断提高

居民生活品质的提高首先表现在居住状况得到了较大的改善。调查数据表明, 92.7%的城乡家庭都拥有自己的住房, 3 有 14.8%的居民还拥有 2 套及以上的住房。以第一套住房计算, 家庭人均住房面积平均在 30—40 平方米。居民对第一套房产的自我估值平均为 28.8 万元/户, 其中城镇居民房产的自我估值平均为 46.5 万元/户, 农村居民的房产自我估值平均为 11.78 万元/户。

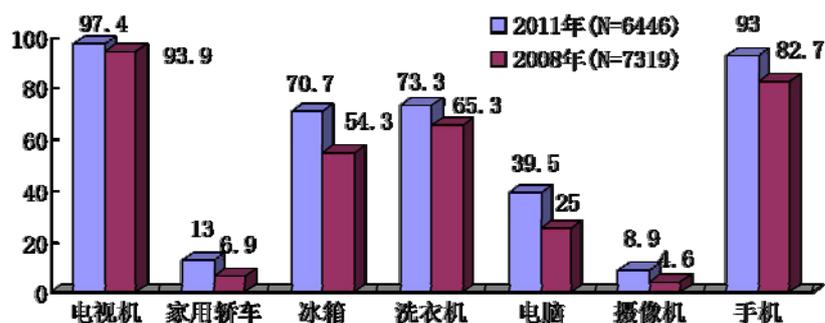


图2 城乡居民家庭耐用消费品拥有率（2008年、2011年） 单位：%

从城乡居民家庭耐用消费品拥有率的年度比较上，也可以看出居民生活质量的改善。如电视机的家庭拥有率由2008年的93.9%上升到2011年的97.4%，增幅虽然不大，但户均拥有彩电的数量和档次均有明显提升。在2008年的调查中，有18.6%的家庭拥有2台以上的电视，而在2011年的调查中，这一比例上升到27.9%，还有17.1%的家庭拥有等离子或液晶电视机。冰箱的家庭拥有率由54.3%上升到70.7%，洗衣机的拥有率由65.3%上升到73.3%，电脑的拥有率由25%增加至近40%（见图2）。耐用消费品拥有率和档次的提升，反映了城市化过程中居民居住条件和生活水平的改善。

### 3. 居民生活压力有所缓解，但仍面临物价上涨、收入过低、医疗支出大等生活困难

通过对居民生活压力的调查也可以看出，和2008年、2006年相比，城乡居民面临的生活压力也有不同程度的下降。虽然仍有近70%的公众感受到“物价上涨，影响生活水平”的压力，但比2008年下降了10个百分点；认为“家庭收入低，日常生活困难”的公众比例比2008年下降了8个百分点；住房方面有压力的家庭降低了10个百分点；医疗支出大，难以承受的家庭比例下降了8个百分点；家人无业、失业或工作不稳定的比例下降最多，有17个百分点（见表2）。这些涉及居民日常生活方面的民生困境得到明显缓解，充分说明了近年来党和政府改善民生的社会政策成效显著。

3 这里的自有住房是指受访者本人及家庭成员名下的自有产权或部分自有产权的住房，包括自建住房、购买的商品房、保障房、房改房、小产权房等。和2008年的调查相比，长期承租政府、单位分配住房的未包括在内，因此自有住房的比例略低于2008年。另，由于我们采用的是入户调查，可能会遗漏居住在宿舍、工棚等机构设施中的家庭，从而会高估自有住房的比例。

表2 城乡居民家庭面临的生活压力（2006年、2008年、2011年） 单位：%

	2011年			2008年	2006年
	总计	城镇居	农村居		
N=6462	N=3232	N=3230	N=7139	N=7061	
物价上涨，影响生活水平	69.8	73.0	66.6	79.9	—
家庭收入低，日常生活困难	41.3	35.4	47.2	49.9	51.3
住房条件差，建/买不起住房	36.4	35.6	37.2	47.2	45.0
医疗支出大，难以承受	28.7	25.3	32.2	36.9	45.5
社会风气不好，担心被欺骗和家人	24.1	28.1	20.1	27.1	23.3
家人无业、失业或工作不稳定	21.3	22.3	20.2	38.4	30.0
家庭人情支出大，难以承受	21.1	17.5	24.8	32.0	34.8
子女教育费用高，难以承受	19.0	19.7	18.4	26.8	34.0
社会治安不好，常常担惊受怕	17.9	22.4	13.4	25.1	24.5
赡养老人负担过重	9.3	8.6	9.9	18.8	22.3

但同时也要看到，城乡居民还面临着不同的生活困难。对城镇居民而言，“物价上涨，影响生活水平”是最为困扰他们的问题（73.0%），高出农村居民7个百分点；在农村居民中有47.2%的家庭存在着“家庭收入低，日常生活困难”的现象，高出城镇居民12个百分点；看病难、看病

贵的问题在农村居民中也较为突出，有 32.2%的家庭认为“医疗支出大，难以承受”，比城镇居民高出 7 个百分点（见表 2）。

## （二）社会保障覆盖面持续扩大

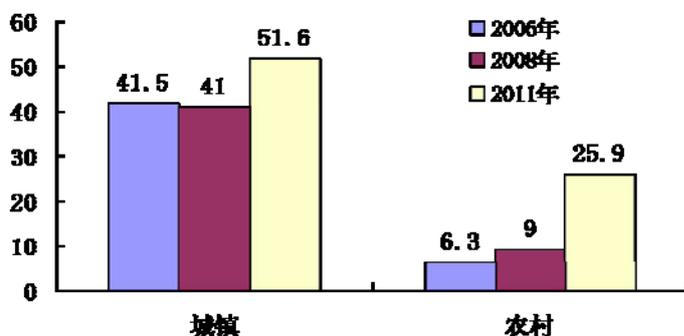
### 1. 养老保险尤其是农村养老保险覆盖率提高

近若干年来，我国社会保障的制度建设坚持在“广覆盖、保基本、多层次、可持续”的方针基础上迅速发展，基本形成了覆盖城乡居民的社会保障体系框架。从 2011 年的调查结果看，目前有 38.5%的被访者享有养老保险，其中城镇居民享有养老保险的比例为 51.6%，农村居民享有养老保险的比例为 25.9%（见表 3）。

**表3 城乡居民养老保险覆盖情况（2008 年、2011 年）**

	2011 年		2008 年	
	享有率%	样本规模	享有率%	样本规模
全体	38.5	6468	24.0	7014
城镇	51.6	3235	41.0	3285
农村	25.9	3233	9.0	3729

养老保险的覆盖率尤其是农村养老保险覆盖率近年来逐渐上升。2011 年 7 月，按照国务院的总体部署，第三批扩大新农保试点和首批城镇居民养老保险试点工作启动。截至 9 月底，国家新型农村和城镇居民社会养老保险试点参保人数达 1.99 亿人，其中领取待遇人数 5465.32 万人。加上地方自行试点，总参保人数达到 2.35 亿人，领取待遇人数 6694.11 万人。<sup>4</sup>从调查数据看，农村养老保险的覆盖率五年来大幅提高，从 2006 年的 6%左右提高到 2011 年的超过四分之一（见图 3）。



**图3 城乡居民养老覆盖率比较（2006年、2008年、2011年） 单位：%**

### 2. 医疗保险覆盖范围进一步拓展

近几年来，我国医疗保障体系的覆盖面以前所未有的速度扩展，已经基本实现了全民覆盖的制度建设。从本次对医疗保险覆盖范围的调查来看，城镇居民享有医疗保险的比例从 2008 年的 58.9%提高到 2011 年的 81.5%，农村居民享有医疗保险的比例也从 84.2%提高到 90.2%。城镇职工基本医疗保险、城镇居民医疗保障、农村新型合作医疗三条保障线，从制度上实现了对城乡居民的全覆盖。在享有医疗保险的被访者中，居住在城镇的被访者参加城镇职工基本医疗保险、城镇居民基本医疗保险、公费医疗、新农合的比例分别是 37%、22.5%、7.4%和 33.1%；居住在农村的被访者参加以上保险的比例分别是 3.2%、2.1%、0.9 和 93.7%（见图 4）。

<sup>4</sup>[http://www.china.com.cn/zhibo/2011-10/25/content\\_23680367.htm](http://www.china.com.cn/zhibo/2011-10/25/content_23680367.htm).

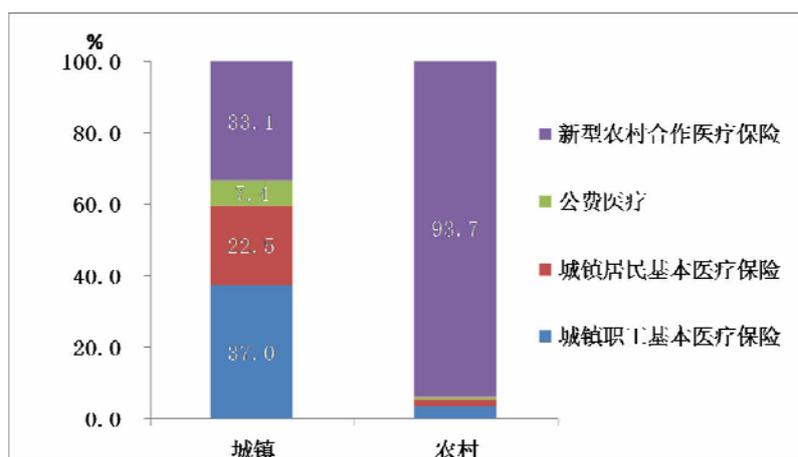


图4 城乡不同类型医疗保险享有情况（2011年） 单位：%

### 3. 失业保险和工伤保险的覆盖面仍需进一步提高

调查结果显示，失业保险覆盖面的扩大有限。在2006年和2008年的中国社会状况综合调查中，18—60岁非农户籍被访者有失业保险比例分别是10.8%和17.5%，而2011年这一比例为19.1%，仅增长了不到2个百分点。从20世纪90年代中期至今，我国下岗失业的总人数增加，城镇登记失业人数急剧攀升，2009年起已经超过900万人，登记失业率也在4%以上。根据2011年的调查数据，18—60岁的城镇失业者中参加养老保险的比例是33.1%。调查结果显示，失业保险覆盖面的扩大有限。在2006年和2008年的中国社会状况综合调查中，18—60岁非农户籍被访者有失业保险比例分别是10.8%和17.5%，而2011年这一比例为19.1%，仅增长了不到2个百分点。从20世纪90年代中期至今，我国下岗失业的总人数增加，城镇登记失业人数急剧攀升，2009年起已经超过900万人，登记失业率也在4%以上。根据2011年的调查数据，18—60岁的城镇失业者中参加养老保险的比例是33.1%，参加医疗保险的比例为69.6%，享有城镇最低生活保障的有5.7%，而参加失业保险的比例仅为2.4%。这说明有相当部分的失业人员得不到失业保险的救助。调查数据表明，2011年18—60岁城镇就业者参加工伤保险的比例仅为19.2%，和2008年的14.3%相比，提升幅度也不明显。

## （三）就业压力得到一定缓解，非正规就业者劳动权益保障值得高度重视

### 1. 企业改制造成的失业现象下降明显，青年就业难问题逐渐突出

就目前情况看，就业压力得到了一定程度的缓解。首先，就业、失业问题在所有社会问题中的严重程度有所下降。在2006年中国社会状况综合调查（CSS2006）中，就业、失业问题的严重程度在所列社会问题中排第2位，有32.5%的人选择此项；在2008年的调查中则排第4位，有26.0%的人选择此项；而在2011年的调查中排第5位，有24.2%的人选择此项。其次，就业、失业问题作为人们家庭日常生活主要压力来源的普遍程度有所下降。在2006年的中国社会状况综合调查（CSS2006）中，有32.3%的家庭面临因家人无业、失业或工作不稳定造成的生活压力，2008年这一比例上升到40.1%，而2011年这一比例则下降到21.3%。2011年中国社会状况综合调查（CSS2011）的数据显示，目前在城镇经济活动人口中，没有工作但能工作且在找工作的城镇常住人口，占5.9%。值得关注的是，失业人群特征正在出现新的变化：20世纪90年代中期以来，因企业破产、改制等造成的下岗失业问题趋于缓和，而近年来青年学生毕业后的就业难问题逐渐突出。

第一，就失业原因看，因单位原因（如破产、改制、下岗/内退/买断工龄、辞退等）失业的比例下降，而因毕业后没有工作而失业的比例上升。2011年中国社会状况综合调查（CSS2011）的

数据显示，在失业人群中，因单位原因失业的占 14.8%，而 2008 年的这一比例为 36.4%；2011 年因毕业后未工作而失业的占 17.5%，而 2008 年的这一比例为 9.1%（见表 4）。

**表4 失业群体的失业原因**

单位：%

	2008年		2011年	
	N=261	N=106	N=261	N=106
已离/退休	3.6	3.6		
毕业后未工作	9.1	17.5		
料理家务	14.2	13.9		
因单位原因（如破产、改制、下岗/内退/买断工龄、辞退等）失去原工作	36.4	14.8		
因本人原因（如家务、健康、辞职等）离开原工作	20.1	27.8		
承包土地被征用	1.8	1.9		
其他	14.8	20.3		
合计	100.0	100.0		

第二，就失业群体的年龄分布看，30 岁以下人群的比例有所上升，而 40 岁及以上人群的比例有所下降。数据显示，失业群体中，30 岁以下人群占 38.2%，而 2008 年的这一比例为 32.6%；2011 年的失业群体中，40 岁及以上人群占 34.0%，而 2008 年的这一比例为 38.9%。

第三，就失业群体的学历构成看，高中及以上学历人群的比例上升，而初中及以下学历人群的比例下降。失业群体中，初中及以下学历人群占 56.7%，而 2008 年的这一比例为 66.2%；2011 年的失业群体中，高中及以上学历人群占 43.3%，而 2008 年的这一比例为 33.8%。单就失业群体中大专及以上学历人群所占比例看，2008 年为 7.5%，而 2011 年为 12.3%。

第四，就失业时间看，长期失业人口的比例下降，而短期失业人口的比例上升。2011 年中国社会状况综合调查（CSS2011）数据显示，失业群体中，失业时间在半年及以下的占 34.1%，半年到一年的占 12.3%，而一年及以上的占 53.6%；而在 2008 年的调查中，失业时间在半年及以下的占 24.5%，半年到一年的占 5.9%，而一年及以上的占 69.7%。因此，从今后再就业工作的角度看，一方面，因长期失业导致失业者就业能力减弱而产生的再就业培训需求会保持稳定；另一方面，因短期失业导致的失业者对再就业信息、再就业指导等再就业服务需求会有所上升。

## 2. 劳动者权益保障稳步提高，非正规就业亟待法律保护

从企业职工签订劳动合同的情况看，目前在各类企业职工中，签订劳动合同的比例约在 60% 左右。其中，签订固定期限合同的比例约为 41.1%，签订无固定期限合同的比例约为 13.8%。比较而言，国有及国有控股企业和三资企业职工签订劳动合同的比例较高，且与 2008 年相比，签订无固定期限劳动合同的比例上升幅度较大；集体企业职工签订劳动合同的比例上升较快；而私营企业职工签订劳动合同的比例有待提高（见表 5）。

**表5 各类企业职工签订劳动合同情况**

单位：%

劳动合同类型	国有及国有控股企业		集体企业		私营企业		三资企业		合计	
	2008年	2011年	2008年	2011年	2008年	2011年	2008年	2011年	2008年	2011年
	N=248	N=225	N=69	N=40	N=851	N=607	N=115	N=41	N=128	N=101
固定期限合同	66.2	56.3	46.0	53.7	35.4	34.0	82.8	62.8	46.5	41.1
无固定期限合同	18.8	25.9	10.5	13.1	7.9	9.3	3.2	23.4	9.8	13.8
试用期合同	0.0	1.7	0.0	2.9	0.1	0.8	0.0	4.6	0.1	1.3
其他	1.1	0.0	0.0	5.2	0.0	0.2	0.0	0.0	0.2	0.3

没有签	12.9	16.0	42.9	25.1	56.1	54.9	14.2	9.2	43.0	42.9
不清楚	0.9	0.0	0.0	0.0	0.4	0.8	0.0	0.0	0.4	0.5
合计	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

从企业职工享有社会保障的情况看，目前在各类企业职工中，57.9%的人享有养老保险，84.5%的人享有医疗保险，35.4%的人享有工伤保险，31.3%的人享有失业保险，19.9%的人享有生育保险。与2008年相比，各类企业职工享有社会保障的比例总体上有不同程度的提高（见表6）。

**表6 各类企业职工享有社会保障情况 单位：%**

社会保 险	国有及国有控 股企业		集体企业		私营企业		三资企业		合计	
	2008 年	2011 年	2008 年	2011 年	2008 年	2011 年	2008 年	2011 年	2008 年	2011 年
养老保	80.2	78.3	62.2	70.8	33.4	48.8	58.5	88.4	46.3	57.9
医疗保	87.3	93.9	87.0	88.5	67.5	80.3	72.3	100.0	72.8	84.5
失业保	58.1	52.3	28.3	40.2	12.1	21.5	35.6	72.7	24.0	31.3
工伤保	48.5	56.2	36.2	39.8	23.7	26.7	49.2	65.7	31.4	35.4
生育保	25.1	29.4	11.5	21.0	4.0	15.3	17.5	45.4	9.7	19.9

非正规就业规模呈现增长态势。2008年中国社会状况综合调查（CSS2008）显示，被调查者中非正规就业数量占全部非农就业人数的49.8%，而2011年这一比例上升到60.4%。其中，在非正规单位就业的比例，2008年为51.0%，而2011年上升到67.1%；在正规单位就业但未签订劳动合同的比例，2008年为49.0%，而2011年下降到32.9%。从非正规就业群体构成看，27.9%是城镇户籍人口，而72.1%是农村外来务工人员。随着正规单位的劳动用工行为逐渐规范，非正规单位就业在非正规就业者中所占比例大幅上升。

除了缺乏劳动合同保障外，非正规就业群体与正规就业群体在享有社会保障情况方面也差异明显。就社会养老保险看，正规就业人群享有养老保险比例为76.5%，而非正规单位就业人群为29.3%，正规单位无劳动合同就业人群为34.0%。但在失业、工伤、生育等社会保险方面，正规就业人群的享有比例均较高，而非正规就业人群则极低（见表7）。

**表7 不同就业类型人员享有社会保障情况 单位：%**

	正规就业 N=1087	非正规单位 就业 N=1120	正规单位无劳动合同 就业 N=551
养老保险	76.5	29.3	34.0
医疗保险	91.6	80.7	79.0
失业保险	45.6	2.2	5.4
工伤保险	46.1	2.6	10.7
生育保险	27.6	1.2	4.2

因此，从目前情况看，虽然非正规就业提供了大量就业机会，缓解了社会就业压力，但非正规就业群体缺乏必要的制度性保护也是不争的事实。一方面，其劳动者权益得不到保护，因为非正规就业中的劳动关系缺乏明确的法律规定，而处于政府部门的服务与监管范围之外；另一方面，一些用工单位以非正规就业形式用工，逃避其为职工缴纳社会保险的义务，致使该群

体无法参与到社会保障体系中。随着非正规就业规模的日益扩大，规范非正规就业的劳动关系已成为当务之急。

## 二 城市化问题分析

改革开放以来，随着政策引导和市场对资源配置作用的逐步增强，中国的城市化进程明显加快。据国家统计局 2010 年第六次全国人口普查主要数据公报，当年底中国城镇人口比重为 49.68%。以此人口城市化速度测算，2011 年城镇居民的比例已超过农村居民，标志着中国数千年来以农村人口为主的城乡人口结构发生逆转，可以说是中国现代化进程中的一件大事。但另一方面，目前中国的城市化也存在着地方政府过渡干预下的“行政城市化”、城市高速扩张下的“房地产城市化”、农村劳动力进入城市流动务工的“隐性超城市化”和农村居民在城市居住却无法享受市民待遇的“半城市化”等问题。因此，在肯定目前城市化进程取得初步成效的同时，清醒地认识目前城市化进程中存在的各类复杂现象是十分必要的。

### （一）非农就业已成为主流，户籍制度改革滞后导致的半城市化现象突出

#### 1. 近三成农业户籍人口已居住在城镇，非农就业人口超过务农人口

调查结果显示，伴随着近年来的城市扩张和农村人口大规模向城镇流动，目前 18 岁以上的人口中，有 19.7% 是有农村户籍但居住在城镇的人口，这一数量相当于近三成（29.7%）的农业户籍人口数，或近四成（39.5%）的目前城镇常住居民的数量（见表 8）。这一结果表明了城镇化过程对农业人口的巨大吸引力。

户籍	城乡居民的户籍分布		单位：总%	
	居于城镇 N=3228	居于农村 N=3230	总计	N
农业户口	19.7	46.6	66.3	4285
非农业户口	30.3	3.4	33.7	2173
总计	50.0	50.0	100.0	6459

城市化的基点是职业上的非农化。农村人口大量转化为城镇人口，获得非农劳动经营领域中的收益是主要驱动因素。从当前在业人员的职业分布来看，目前职业人群中非农就业者的比例已高出农业就业者的比例。完全从事非农工作的在业人口比例为 46.6%，完全从事农业劳动的在业人员占 40%，兼务农业和非农职业的人员占 13.4%。农业户籍的在业人口中，纯粹务农者的比例已经下降到 39%，有近 1/3 的农业户籍者已不再从事农业劳动，已转换为非农就业人口（见表 9）。

户籍	在业人员中的户籍分布			单位：总%		
	只从事 非农工 N=2161	以非农 为主业 N=369	以农业 为主业 N=251	只从事 农业劳动 N=1852	总计 N	
农业户口	20.2	7.5	5.3	39.0	72.0	3333
非农业户口	26.4	0.5	0.1	1.0	28.0	1299
总计	46.6	8.0	5.4	40.0	100.0	4632

#### 2.“半城市化”人口面临着劳动保障和社会保障覆盖不足等困境

虽然城市化取得了飞速的发展,但也要看到,工作和居住在城市中的农业户籍者大多处于“半城市化”状态,即已成为城市中的非农就业人口或常住人口,但却难以像本地的非农户口居民那样分享到城市化带来的城镇居民的社会待遇。调查结果显示,半城市化人口享受各类社会保障的比例明显低于全城市化人口。<sup>5</sup>就养老保险而言,全城市化人口的享有率为63.1%,而半城市化人口的享有率仅为30.2%,还不足前者的一半;医疗保险的享有率似乎和全城市化人口相差不大,但其中81.1%的人享有的是“新农合”,享受城镇职工医保和城镇居民基本医保的比例仅有17.6%,而在全城市化人口中享有上述两项医保的比例合计为81.8%。半城市化人口中大多数人工作和居住在非户籍所在地的城镇,即便是参加了“新农合”,在享受医疗保障方面既靠不上城镇也靠不上农村,其余在失业保险、工伤保险、生育保险等方面的待遇享有,也和全城市化人口相去甚远。在业人口中的半城市化人口,在劳动权益保障方面也远落后于全城市化人口,劳动合同签约率为37.9%,而前者为75%。<sup>6</sup>

进一步分析农村劳动力全家迁移城镇的情况,我们可以看到,在有家庭成员进城务工的农村劳动力家庭中,全家均迁移到城镇居住的占39.8%,而部分家庭成员在城镇居住的占60.2%。也就是说,有60%的农村外出务工劳动力面临着家庭分割的痛苦。而在全家均迁移到城镇居住的农村外出务工劳动力家庭中,还存在着家庭成员在不同城镇务工居住的情况,因此存在家庭分割现象的农村劳动力家庭应在60%以上。居住地因素是目前城市化进程不稳定的主要影响因素,以家庭分割为代价的农村劳动力个人向城镇的流动,无法维持实质意义上的城市化。以部分农村劳动力流入替代另一部分农村劳动力的回流,在总体上保持了城市化率的增长,但对于务工的农村劳动力而言,他们只是参与了城市化建设,而未能分享城市化的成果。而就业因素则突出了目前中国城市化进程的初级、快速、高流动性特点。

**表10 城市化程度不同的人口在社会保障和劳动保障方面的享有率比较 单位: %**

	全 城 市 化 人 口 N=1811	半 城 市 化 人 口 N=1097	农 村 人 口 N=3189
社会和劳动保障			
养老保险	63.1	30.2	25.6
医疗保险	81.2	79.1	89.9
失业保险	22.7	4.8	1.9
工伤保险	21.0	7.9	3.3
生育保险	21.0	7.9	3.3
劳动合同签约率	75.0	37.9	—

<sup>5</sup> 在调查中我们把工作和居住在城镇中的农业户籍者称为“半城市化人口”,把非农户口且居住在城镇的人口称为“全城市化人口”,把农业户籍且居住在农村的居民称为“农村人口”。

<sup>6</sup> 劳动合同签约率是以受雇人员为基数的。在表10中,全城市化人口中受雇人员N=881,半城市化人口中受雇人员N=362。

## (二) 城乡居民之间存在着比较显著的社会距离,部分外来人口不能完全实现社会融入

在城市化高速发展的进程中,城市中的农村外来务工人员数量不断增加。一方面,外来务工人员在城市里打工解决了城市中劳动力短缺的问题;而另一方面,外来务工人员对城市有限的公共资源的使用引起了部分城市居民的不满,由此产生了对外来务工人员的排斥。调查显示,在很多问题上,城市居民和农村居民的态度有着一定的分歧,而这种分歧正反映出这两个利益群体在社会心理上的差异。

### 1. 部分城市居民对农村外来务工人员仍然存在一定的排斥心理

首先，就全国范围而言，在农村居民进城就业问题上，61.5%的城市居民认为，农村居民只要愿意就可以来，不应对其有任何限制。另有 29.0%的城市居民认为，只有在有足够工作机会的时候，才能允许农村居民在城里工作。当然，也有 8.8%的城市居民认为，要严格控制流入到城市里的农村外来务工人员的数量；还有 0.7%的城市受访者认为，不应当允许农村外来务工人员在城市工作。较之城市受访者，75.5%的农村居民认为，不应对进城谋求工作的农村务工者有任何限制，只有 22.1%的农村受访者认为，应当把是否有足够的工作机会作为是否允许农村外来人口在城里工作的前提条件。（见图 5）

我们进一步分析流动人口比重较大的地区，例如北京、上海、广州、深圳、汕头，不难发现，这些地区的城市居民和全国其他地区的居民在社会心态上，尤其是在对待农村外来务工人员的态度上，存在着显著的差异。在上述五城市，仅有约 35.1%的城市居民认为不应对农村外来务工者到城市工作有任何限制；高达 42.3%的城市居民认为，在谈论是否允许农村居民进城务工这一问题时，应当考虑到城市有限的就业资源，并应把是否有足够的工作岗位作为是不是可以让农村居民进城务工的先决条件之一；还有 20.7%的城市居民认为，要严格控制城市里的农村外来务工人员数量。

由此可见，因为我国经济发展不平衡，大量农村外来人口不断涌入较为发达的大城市，一方面，“大城市人”和“农村人”频繁的日常工作接触加强了“大城市人”心理上的优越感，并在一定程度转化为对“农村人”的社会排斥心理；另一方面，在低端劳动力市场，农村外来务工人员与大城市居民在就业上形成了竞争关系，从而使得部分利益受到影响的大城市居民对农民居民进城务工产生了比较严重的抵触情绪，对整个农村外来务工群体形成了比较强烈的心理排斥。

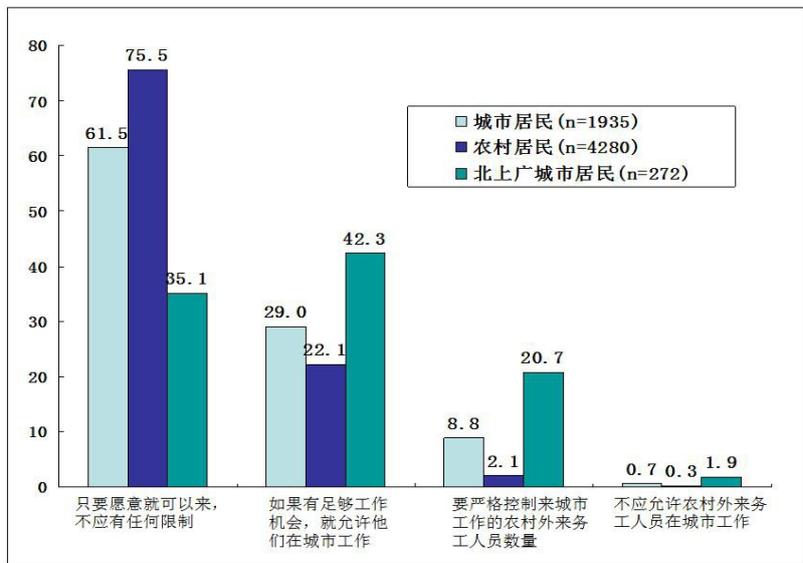


图5 对农村外来务工人员在城市工作的态度 单位：%

其次，对于是否允许农村外来务工人员在城里购房这一问题，从全国范围来看，城市居民和农村居民的看法也存在着一定的差异。调查显示，72.7%的城市居民认为不应限制农村务工人员在城里购房；而持这一态度的农村居民则比城市居民高出近 10%，达到 81.2%。20.8%的城市居民把有固定工作作为允许农村外来务工人员在城市购房的前提条件，更有 5.9%的城市居民认为，要严格控制农村外来务工人员在城市购房。（见图 6）

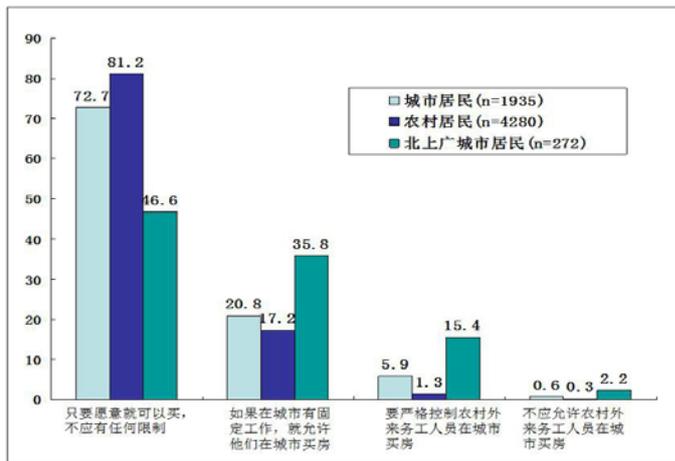


图6 对农村外来务工人员在城市购买住房的态度 单位: %

当我们对北京、上海、广州、深圳、汕头的城市居民进行分析时, 调查数据显示, 有 35.8% 的城市受访者认为, 只应当允许在城里有固定工作的农村外来务工者在城里购房; 还有 15.4% 和 2.2% 的城市居民分别认为, 要严格控制、甚至不允许农村外来务工者在城里购房。这一结果说明, 对于是否可以让农村外来务工者在城市买房这个问题, 大城市居民, 较之中小城市的居民, 表现出更为不宽容的态度, 从而反映出更为强烈的社会排斥心理。

对于是否允许农村外来务工人员的子女在城市上公立中小学这一问题, 从全国范围来说, 城市居民和农村居民的态度基本一致, 82.9% 的城市居民和 87.7% 的农村居民均认为不应限制外来务工人员子女在城市上公立学校; 另外有 12.9% 和 10.2% 的城市居民和农村居民认为可以允许农村外来务工人员子女在城市上公立中小学, 但要对其家庭条件作一些限制。由此可见, 大多数城市居民对于农村外来务工者的子女教育问题还是抱着比较宽容的态度。不过, 仍然有 3.5% 的城市居民认为, 只应当允许农村外来人员的子女到务工子弟学校上学, 更有 0.7% 的城市居民比较极端地认为, 不应允许农村外来人员的子女到城市的学校上学。这种社会排斥心态在北京、上海、广州、深圳、汕头等流动人口较多的大城市居民中更为普遍。有 22.9% 的大城市居民认为, 要对在城市公立学校上学的农村外来务工者子女的家庭条件有所限制; 更有近 10% 的大城市居民认为, 农村外来务工者的子女只应当到务工子弟学校上学, 抑或留在原籍的农村上学, 不要到城市里来挤占城市居民的教育资源。(见图 7)

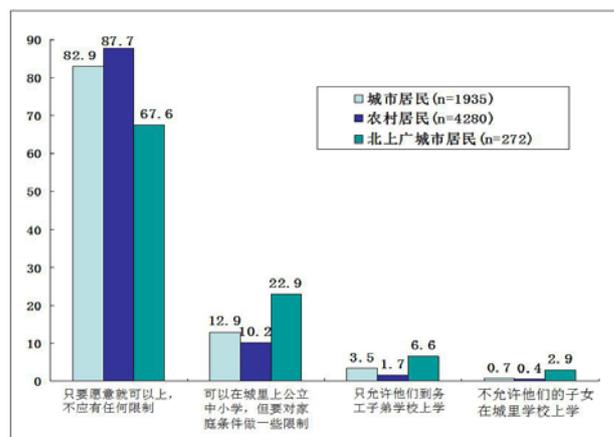


图7 对农村外来务工人员子女在城市上公立中小学的态度 单位: %

## 2.城乡居民之间存在着比较显著的社会距离

调查数据也显示，尽管身份上的城乡差异对居民浅层次的交往没有太大影响，但是在深层次的交往中，城乡居民之间还是存在着比较显著的社会距离。

在调查中，我们分别询问了城市居民之间、农村居民之间以及城乡居民之间的交往意愿，其中包括是否愿意与对方一起聊天、一起工作、成为邻居、成为亲密朋友、结为亲家。这些活动背后体现出的是社会距离的远近。调查结果表明，有 93.60%的城市受访者表示愿意与其他城里人一起聊天，有 92.83%的城市受访者表示愿意与农村居民一起聊天；94.38%的城市受访者表示愿意与其他城市居民一起工作，89.31%的城市受访者表示愿意和农村居民一起工作。城市居民表示愿意与其他城市居民或者农村居民成为邻居或者亲密朋友的比例也基本没有太大差异。平均来说，只有 8%左右的城市受访者表示不愿意与农村居民有上述交往。由此可见，在一般层次的交往中，城市居民对于交往对象的城乡身份没有太多区分。然而，当问到是否愿意与农村居民结为姻亲，只有 71.09%的城市居民表示愿意与农村居民结为亲家，近 20%的城市居民表示不愿意与农村居民成为亲家，还有 10.84%的受访者表示不好说。（见表 11）

**表11 城乡居民的社会距离测量 单位：%**

	作为城里人，您是否愿意与城里人： N=1938			作为城里人，您是否愿意与农村人： N=1938		
	愿意	不愿意	不好说	愿意	不愿意	不好说
聊天	93.60	4.59	1.81	92.83	5.83	1.34
一起工作	94.38	3.61	2.01	89.31	8.11	2.58
成为邻居	94.94	3.51	1.55	88.70	8.77	2.53
成为亲密朋友	91.94	4.86	3.20	87.40	8.99	3.62
结成亲家	87.20	3.82	8.98	71.09	18.07	10.84

	作为农村人，您是否愿意与城里人： N=4290			作为农村人，您是否愿意与农村人： N=4290		
	愿意	不愿意	不好说	愿意	不愿意	不好说
聊天	72.93	22.76	4.31	97.16	2.38	0.47
一起工作	74.40	19.84	5.76	95.90	2.98	1.12
成为邻居	74.36	20.07	5.58	97.76	1.61	0.63
成为亲密朋友	73.76	19.85	6.39	96.74	2.17	1.10
结成亲家	68.07	19.81	12.12	88.46	5.24	6.29

注：表 11 中“愿意”包括“很愿意”和“比较愿意”两种回答；“不愿意”包括“不太愿意”和“很不愿意”两种回答。

由此可见，尽管大多数城市居民在日常交往中已经不再有因为城乡身份差异而造成的社会交往偏好，但是，当涉及建立深层次的社会关系，例如结为姻亲，还是只有不到四分之三的城市居民能够接纳农村居民作为自己的家庭成员。可以看出，在城市化进程中，虽然城市居民对农村居民的群体偏见有所消除，与农村居民的互动不再为原有城市身份带来的优越感所阻碍，但从主观而言，一定程度的社会歧视仍然存在，社会距离仍然有待缩短。

调查数据还显示，当以农村居民为受访者时，有相当一部分农村居民会因为交往对象的城乡身份差异而产生交往偏好。具体而言，在农村受访者中，愿意与其他农村居民聊天、一起工作、成为邻居、成为亲密朋友、结为亲家的比例比愿意和城市居民有上述交往的比例平均高出 20%。这说明，有相当数量的农村居民对城市居民有一定的心理距离。

### 3.部分外来人口对于流入地缺乏归属感，不能完全实现社会融入

城市化过程不仅意味着对城市空间的改造升级，更意味着城市居民心理上的城市化。对于流动人口来说，对流入地的文化认同感和身份上的归属感，在一定程度上体现出这一群体心理上的社会融入程度。而流动人口是否能够实现社会融入，应该成为我们衡量城市化的重要指标之一。

为了了解外来人口在心理层面的归属感，我们询问了受访者“您认为您是属于本地人还是外地人”这一问题。调查数据显示，在没有当地户口的受访者中，50.4%的受访者认为自己是外地人，47.8%的受访者认为自己是本地人。

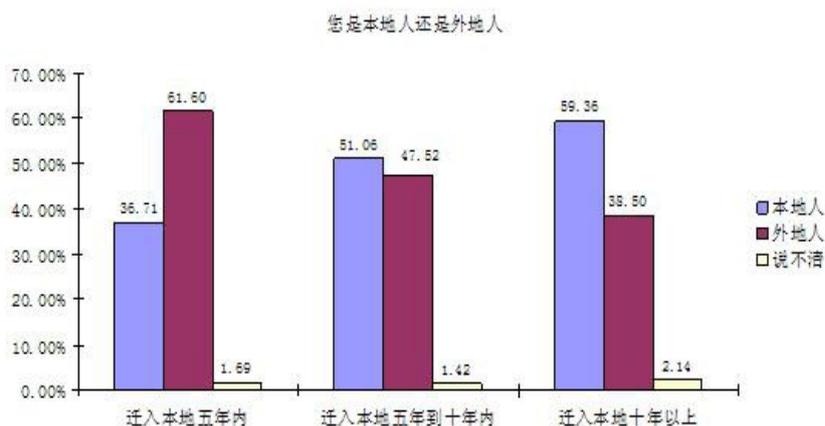


图8 外来人口是否认同自己属于本地人 (N=659) 单位: %

结合受访者在现居住地（本县、市、区）的居住时间，数据显示，在当地居住五年以内的没有当地户籍的受访者中，36.71%的人已经认同自己属于本地人，而61.6%认为自己是外地人；在当地已经居住五年以上到十年以内的没有当地户籍的受访者中，有47.52%的人认为自己是外地人，而在当地已经居住长达十年以上的没有当地户籍的受访者中，认为自己是外地人的比例还是高达38.5%（见图8）。

由此可见，尽管在外来人口中，有一部分人群在其现居住地已经居住了较长的时间，有了稳定的工作和生活，基本实现了经济上的融入，但是，他们并没有完全认同“本地人”的身份，还没有真正实现心理上的融入。而只有实现心理层面的社会融入和对本地身份的认同，外来人口才能更加积极地加入到城市建设中，才能更广泛地参与到公共事务的决策和管理中，从而才能实现建立和谐社会的目标。

### 4.城市化并未带来公民社会，公民的社会参与总体水平较低

与城市化进程相伴而生的应该是公民现代性的增强。而公民现代性的重要组成部分是公民广泛的社会参与行为，特别是通过社会团体的参与实现的制度化、组织化的社会参与。然而，调查显示，虽然我国的城市化已经步入快速通道，但是城市人口的增加和城市规模的扩大并没有带来公民社会的发展。

在城市受访者中，只有4.5%的人参加了民间社团，其中包括志愿者组织、业主委员会、环保组织等。而在农村，参加民间团体的比例仅为1.7%。但是，我们也看到，当问到今后是否打算参加民间团体时，16.5%的城市受访者给出了肯定的回答。由此可见，如果提供更多的参与渠道、建立更有效的激励机制，可以相应地促进公民的社会参与热情、提高社会参与的积极性。

数据还显示，随着原有乡村社会结构的瓦解，以亲缘和地缘为基础的社会团体，例如宗亲会和同乡会，也在逐渐缩减：在城市，只有2.4%和1.6%的受访者表示参加了宗亲会和同乡会；在农村，这一比例也只有5.0%和2.6%。

当然，随着高等教育的普及，以同学关系为基础发展起来的校友会成为众多受访者社团参与的首选。在城市受访者中，有 22.2%的人表示参加了校友会，29.8%的受访者表示今后会继续参加或者打算参加校友会。另外，联谊组织，例如文体娱乐团体、互联网团体，也成为人们社团参与的重要载体。有 10.8%的城市受访者表示参加了联谊组织，17.8%的受访者表示今后会继续参加或者打算参加联谊组织。（见表 12）

**表 12 城乡居民的社会参与情况** 单位：%

	城市居民 N=3153		农村居民 N=3047	
	目前您参加了 下列哪些团 体？	您今后打算参 加下列哪些团 体？	目前您参加 了下列哪些 团体？	您今后打算 参加下列哪 些团体？
宗教团体	2.4	4.1	5.0	6.4
宗亲会	1.6	2.5	2.6	4.2
同乡会	4.5	8.3	3.6	7.6
校友会	22.2	29.8	9.0	14.7
联谊组织（如文体娱乐团体、 互联网团体等）	10.8	17.8	4.2	10.6
民间社团（如志愿者、业主委 员会、环保组织）	4.5	16.5	1.7	9.6
职业团体（如商会、农村合作 组织、专业学会、行业协会等）	5.3	12.7	3.3	11.9

总体而言，上述数据表明，我国公民还没有形成经常性的社会参与。究其原因，一方面是公民意识的缺失，另一方面是参与渠道的匮乏。社会组织，尤其是以社会服务和社会管理为目标的民间组织，还没有形成规模。因此，在城市发展的过程中，首先应当大力倡导公民精神，动员公民参与各方面的社会生活，有效扩大社会组织的规模和影响力。其次，应当培育社会服务类和社会管理类社团的发展，这是实现和谐社会、促进社会进步的核心动力之一。这类公益型社团组织的参与，既有助于促进公民与政府之间的良性互动，形成对政府制约的长效机制，也有助于加强公民的社会责任感和相互之间的信任度，化解公众之间的利益冲突，建立互信互惠的人际关系。因此，培育公益型社团组织、培养公民意识和公民精神，应当成为我国城市发展的重要软件建设之一。

### 三 城乡居民的社会态度

#### （一）公众关注的社会问题的变化情况

##### 1. 与日常生活密切相关的物价、看病和收入差距问题依然最为公众所关注

2011 年调查了公众认为哪些问题是当前我国最为严重的社会问题。数据结果表明，公众选择最多的前三项问题是“物价上涨”（59.5%）、“看病难、看病贵”（42.9%）和“收入差距过大贫富分化”（31.6%）。选择这三类问题的公众比例都超过三成。排在上述三类问题之后的是“贪污腐败”（29.3%）、“就业、失业”（24.2%）、“住房价格过高”（24.0%）问题（见表 13）。

**表13 社会问题综合排序比较（2006 年、2008 年、2011 年）**

社会问题类别	2011 年 N=646		2008 年 N=7137		2006 年 N=7061	
	百分比	排序	百分	排序	百分比	排序
物价上涨问题	59.5	1	63.5	1	——	——
看病难、看病贵问题	42.9	2	42.1	2	56.2	1
收入差距过大贫富分化问题	31.6	3	28.0	3	32.4	3
贪污腐败问题	29.3	4	19.4	6	27.5	4
就业、失业问题	24.2	5	26.0	4	32.5	2
住房价格过高问题	24.0	6	20.4	5	13.1	7
养老保障问题	16.6	7	17.7	7	25.9	5
食品安全问题	15.9	8	——	——	——	——
教育收费问题	10.9	9	11.4	9	19.3	6
环境污染问题	10.3	10	11.8	8	9.8	9
社会治安问题	8.4	11	9.0	10	12.9	8
进城农民工受到不公平待遇问题	5.3	12	3.7	11	7.8	10
征地、拆迁补偿不公问题	5.2	13	2.9	12	3.8	11
雇主与员工的矛盾问题	1.6	14	2.1	14	2.1	12
其他	1.2	15	2.3	13	.9	13
说不清	13.4		11.5		8.7	

## 2. 主要的民生问题严重程度有所下降，腐败问题和房价高企成为公众新的关注点

与中国社会状况综合调查 2006 年度、2008 年度的调查结果相比，可以发现这样的趋势，民生问题的关注度虽然一直保持高位，但认为是最为严重的社会问题的比例明显下降。比如“看病难、看病贵”问题，2006 年有 56.2% 的公众认为严重，但在 2011 年和 2008 年下降到 42% 左右；“就业、失业”问题在 2006 年公众认为的严重程度为 32.5%，到 2011 年和 2008 年下降到 24% 和 26%；“养老保障”问题在 2006 年为 25.9%，到 2011 年和 2008 年下降了 9—10 个百分点；“教育收费问题”2006 年为 19.3%，2011 年和 2008 年下降了 8—9 个百分点。

但同时也看到，公众认为“贪污腐败”问题的严重程度有明显上升，自 2008 年的 19.4% 增加到 2011 年的 29.3%，提升了近 10 个百分点；“住房价格过高”问题的严重程度有不断上升的趋势，自 2006 年的 13.1% 到 2008 年的 20.4% 再到 2011 年的 24.0%（见表 13）。

## 3. 城乡居民之间对社会问题的关注仍然有较为明显的差距

由于城乡二元结构的存在，城乡居民之间对社会问题的关注仍然有较为明显的差距。2011 年的数据显示，前三项“物价上涨”、“看病难、看病贵”、“收入差距过大贫富分化”问题的排序在城乡居民之间相同，不过农村居民关注“看病难、看病贵”问题的比例高于城镇居民（见表 14），显示出城乡之间在医疗服务水平上仍然存在差距。此外，城镇居民更多关注“住房价格”、“食品安全”问题，农村居民更多关注“养老保障”问题。

城乡居民在近三年来对各类社会问题的关注程度有升有降，城镇居民相比 2008 年对“贪污腐败”问题的关注程度提高了，对“就业、失业”问题的关注程度则有所下降。农村居民相比 2008 年对“贪污腐败”、“住房价格过高”问题的关注程度提高了，对“物价上涨”问题的关注程度则有所下降。

**表14 社会问题综合排序的城乡居民比较（2008年、2011年）**

社会问题类别	2011年（城镇）		2011年（农村）		2008年（城镇）		2008年（农村）	
	百分比	排序	百分比	排序	百分比	排序	百分比	排序
物价上涨问题	59.5	1	59.5	1	63.5	1	64.6	1
看病难、看病贵问题	37.8	2	48	2	40.1	2	45	2

收入差距过大贫富分化问题	31.6	3	31.6	3	28.6	5	28.2	3
住房价格过高问题	31.5	4	16.3	7	30.5	4	11.1	9
贪污腐败问题	29.5	5	29.1	4	21.3	6	18.6	5
就业、失业问题	27.4	6	21.1	5	34.7	3	19.4	4
食品安全问题	20.3	7	11.2	9	—	—	—	—
养老保障问题	13.2	8	20	6	17.7	7	18.5	6
环境污染问题	10.7	9	9.9	10	12.8	8	11.5	8
教育收费问题	10.2	10	11.3	8	11.4	9	11.9	7
社会治安问题	8.6	11	8	11	9.3	10	9.5	10
征地、拆迁补偿不公问题	5.1	12	5.2	13	2.3	11	3.3	12
进城农民工受到不公平待遇	4.0	13	6.7	12	2.0	12	5.2	11
雇主与员工的矛盾问题	1.6	14	1.5	14	1.3	13	2.7	14
其他	1.2	15	1.2	15	1.2	14	3.2	13
说不清	7.9	—	19.1	—	4.4	—	17.8	—

## （二）公众对地方政府的满意度评价

公众对地方政府的各项工作在大多数项目上是满意的，但相比 2008 年对涉及公开、公平、公正的政府工作满意率下降。调查中我们请公众对现住地地方政府的 11 项工作做出评价（见表 15），在所有列举的 11 项工作中，有 8 项工作的满意率（好评率）超过不满率（差评率）。公众对地方政府在“义务教育”、“医疗卫生服务”、“打击犯罪、维护社会治安”、“社会保障”、“发展经济”、“保护环境、治理污染”这六方面的工作的满意率都超过 50%。“提供义务教育”得到的评价最高，近八成的公众对此项工作评价为很好或比较好。

有三项工作的“不满率”超过“满意率”，其中“廉洁奉公、惩治腐败”在不满率与满意率之间的差距较多（18.3%），“政府信息公开，提高政府工作的透明度”在不满率与满意率之间的差距为 7%，“依法办事，执法公平”在不满率与满意率上的差距不大。公众在这三项工作上对地方政府有较高的期待。

表 15 公众对现住地地方政府各项工作的评价（2011 年） 单位：%

工作项目	满意率	不满率	不清楚
提供义务教育	78	16.1	5.9
提供医疗卫生服务	68.1	28.1	3.9
打击犯罪，维护社会治安	65.9	28.6	5.6
为群众提供社会保障	60.5	32.9	6.6
发展经济，增加人们的收入	56.5	35.8	7.7
保护环境，治理污染	56.1	37.7	6.2
扩大就业，增加就业机会	47.7	37	15.3
依法办事，执法公平	42.9	44.4	12.6
为中低收入者提供廉租房和经济适用房	38.6	35.2	26.1
政府信息公开，提高政府工作的透明度	37.1	44.1	18.9
廉洁奉公，惩治腐败	33.3	51.6	15.1

注：各项工作的评价包括“很好”、“比较好”、“不太好”、“很不好”、“不清楚”五个选项。满意率是选择“很好”和“比较好”的百分比，不满率是选择“不太好”和“很不好”的百分比。

与 2008 年的数据相比，按照满意率的由高到低排序，前五项工作的排序与 2008 年的调查结果是一致的。地方政府在教育、医疗卫生、维护治安、社会保障和发展经济方面得到多数居民的好评。但是在“政府信息公开，提高政府工作的透明度”、“廉洁奉公、惩治腐败”、“依法办事，执法公平”三项上，2011 年的公众满意率显著低于 2008 年的满意率，公众对地方政府在公开、公正、公平方面的不满增加（见表 16）。

**表 16 公众对现住地地方政府各项工作的满意率比较（2008 年、2011 年） 单位：%**

工作项目	2011 年	2008 年	2011 年	2008 年
	满意率	满意率	不满率	不满率
义务教育	78	78.5	16.1	15.7
医疗卫生服务	68.1	71.2	28.1	24.8
打击犯罪维护社会治安	65.9	70.1	28.6	26.2
社会保障	60.5	62	32.9	31.1
发展经济增加人们的收入	56.5	61	35.8	32
保护环境治理污染	56.1	56.5	37.7	38.9
扩大就业增加就业机会	47.7	54.1	37	32.5
依法办事执法公平	42.9	56.6	44.4	33.4
为中低收入者提供廉租房和经济适用房	38.6	43.3	35.2	30.7
政府信息公开提高政府工作的透明度	37.1	57.2	44.1	27.8
廉洁奉公惩治腐败	33.3	48.3	51.6	38.6

公众对地方政府某项工作的评价高低是与他们对此项工作的了解程度相关的。满意率由高到低排序的前六项工作，公众对它们的了解程度都较高，且公众“不清楚”此项工作的比例都低于 8%；相反，满意率较低的几项工作，公众对它们的了解程度也较低，且选择“不清楚”的比例都超过 12%（见表 17）。这在比较城乡居民之间在评价地方政府工作时更为明显。表 17 的数据显示，不论是对城镇居民还是对农村居民，随着满意率水平的下降，不清楚的比例是上升的。城乡居民之间对地方政府工作的评价存在一定差异，城镇居民对“扩大就业、增加就业机会”、“为中低收入者提供廉租房和经济适用房”这两项工作的满意率显著高于农村居民，相应的城镇居民对这两项工作的不清楚的比例显著低于农村居民。

**表 17 城乡居民对地方政府评价满意率与不清楚比例的比较 单位：%**

工作项目	城镇	城镇	农村	农村
	满意率	不清楚比例	满意率	不清楚比例
提供义务教育	77.5	5.9	78.5	5.8
提供医疗卫生服务	65.9	4.6	70.2	3.3
打击犯罪，维护社会治安	64.0	4.2	67.7	7.0
为群众提供社会保障	60.4	7.0	60.5	6.2
发展经济，增加人们的收入	56.8	7.6	56.2	7.9
保护环境，治理污染	56.7	4.0	55.3	8.5
扩大就业，增加就业机会	51.2	12.3	44.0	18.3
为中低收入者提供廉租房和经济适用房	46.3	16.8	31.1	35.5
依法办事，执法公平	40.9	11.6	44.9	13.6
政府信息公开，提高政府工作的透明度	36.9	16.8	37.1	21.0
廉洁奉公，惩治腐败	31.3	13.9	35.3	16.2

Source: 《2012年中国社会形势分析与预测》，社会科学文献出版社，2011年12月第一版

# SOCIAL INNOVATION STRATEGIES - REGIONAL REPORT: THE EAST ASIAN REGION

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## 1. Introduction

The East Asian region covers the countries/territories that are mainly composed of the earliest industrialised Japan and the newly industrialised societies (Four Asian Tigers) of South Korea, Taiwan and Hong Kong, Singapore, with an extension to the new-comer of industrialisation, Mainland China. The historical, economic and political background of these regions is heterogeneous. Under increasing influence from Western civilization, they have been in deep social transformation since the beginning of the 20th century, with some common features in their path of development. Since the 1980s, this region has become the most dynamic region for economic growth in the world. After the 1980s, the political contexts of authoritarian states that led modernisation in Japan, South Korea, Taiwan and Hong Kong, experienced economic booms together with democratic movements, and the strong communitarian contexts of their systems (except Hong Kong) made the concept of individuals-based “civil society” unpopular.

In the study of these East Asian regimes, some common characteristics are underscored: authoritarian political regimes, weak civil society, state-driven development and in social life, the norms of hierarchical social relationships and gender inequality<sup>41</sup>. Thus, some scholars highlight a "Confucian welfare state" in features of private rather than public protection and other scholars name this region in the model of a "productive welfare state" (with the traits of selectiveness, work incentives and collectivism instead of universalism of social rights)<sup>42</sup>. The idea of a "developmental welfare state" is also underscored by some scholars from the perspective of investment and development strategies<sup>43</sup>.

These features inevitably influence the rate of economic growth, technological and innovation strategy and social innovation processes. For instance, these countries/societies often adopt the productive social policies and pay great attention to technology-driven economic growth as key factors in innovation approaches. In recent years, the ideal of social innovation has been on the policy agenda in many of these societies, and in social policy regards, it generates a trend of policy-making practice in the region.

In East Asia, the concept of social innovation has been defined in different ways. For instance, Japanese scholars<sup>44</sup> defined this concept as the development measures serving for new social goods and services in the fields of welfare, education, environment, etc.<sup>45</sup>, and emphasized innovation studies not only in the fields of science and technology, but from a broad perspective of innovation for tackling complex emerging social issues. In South Korea,

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<sup>41</sup> Chan, R.K.H. (1996). *Welfare in newly-industrialized society: The construction of welfare state in Hong Kong*. Aldershot: Ashgate.

<sup>42</sup> Wilding, P. (2008). Is the East Asian welfare model still productive? *Journal of Asian Public Policy*, 1(1), 18–31..

<sup>43</sup> Kwon, H.J. (2009). The Reform of the developmental welfare state in East Asia. *International Journal of Social Welfare*, 18(Supplement), 12–21.

<sup>44</sup> Tanimoto, K., & Doi, M. (2007). Social innovation cluster in action: a case study of the San Francisco bay area. *Hitotsubashi Journal of Commerce & Management*, 41(1), 1-17.

<sup>45</sup> Fujisawa, Y., Yu, I., Nagatomi, S., & Iwasaki, K. (2015). A study of social innovation concepts: a Japanese perspective. *Japan Social Innovation Journal*, 5, 1-13.

researchers<sup>46</sup> have also insisted that social innovation should provide people an alternative choice to live a social life.

In China, social innovation is defined as a creative process of basic ideals, organisational and institutional innovation in social life<sup>47</sup>, or to reform old social systems and finding new ways of development. In some writings, researchers<sup>48</sup> refer to social innovation as the creative activities in civil society to solve social issues and to meet social needs. Social innovation should be able to develop new ways or practices to resolve many social problems relating to inequality, conflicts of interest between social groups, and the side-effects of technological development and environmental damage. Nevertheless, in many studies, social innovation is understood as a social and economic measure to promote technological and industrial innovation.

The use of this term often illustrates a common understanding between the Asian and the Western European regions, and discussion covers a wide coverage of subjects, ranging from industrial relations, employment, social enterprise, voluntary actions, community work and social administration as well as the activities of NGOs and charities. However, in many Asian studies of social innovation, the main purpose of these activities was not for social development, but rather economic growth and improved labour relations. Therefore, it can be observed that the concept of social innovation is closely aligned with the strategy of economic growth in relation to social entrepreneurship in South Korea, Hong Kong and Singapore, though Japan and China place more emphasis on social administration.

In these societies, the goals of social innovation are assumed to be: 1) to create an innovative society, 2) increasing public investment in innovation projects by adopting the policies of incubating services, 3) to maintain social peace under the influence of the authoritarian context, and to ensure an effective social administration, 4) to promote corporate firms' social responsibility (CSR) for employment services and labour management, 5) to connect social actions to market needs by applying social innovation approach in order to stimulate the growth of NGOs, 6) to widen the areas of innovative practice in education, health care, employment, housing, energy, population control, urban management, mass media and consumption, 7) to cultivate new mechanisms of collaboration in state-civil society relations, and 8) to use new technologies for social affairs, such as big data.

Social entrepreneurship is regarded as the most popular way for carrying out socially innovative ideas. The socio-economic changes of the late 1990s encourage the attempts to strengthen the civil society organizations in order to cope with new social problems in East Asian region. This resulted in, that public authorities paid attention to some new initiatives in policy measures and programs to meet the growing needs. Thus, in this region all governments promote innovation strategies for economic growth. These strategies are typically popular in relation to R&D (research and development) strategies with an emphasis on technological innovation with investment by government and the private sector. However, in most of these societies, social innovation is not recognized as a kind of general strategy but as a component of their general innovation strategies. This strategy does not limit technological innovation but

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<sup>46</sup> Kim, J.W., Han, S.Y., Park, A.Y., & Rim, S.J. (2015). Seoul city's social innovation strategy: a model of multi-channel communication to strengthen governance and citizen engagement, see <http://www.scribd.com/doc/191841429/Seoul-City%E2%80%99s-social-innovation-strategy-A-model-of-multi-channel-communication-to-strengthen-governance-and-citizen-engagement>.

<sup>47</sup> Wang, M., & Zhu, X.H. (2009). The development of social organizations and social innovation [In Chinese], *Comparative Economic & Social Systems*, 4, 121-127

<sup>48</sup> Chen, H. (2012). The reshaping of social innovation concepts in China [In Chinese], *Innovation Technology*, 12, 30-31.

extends it to the spheres of public administration and social affairs. In this region, though many scholars argue that social innovation in East Asia is featured by the strong action of state promotion, specific social innovation policies are weakly designed<sup>49</sup>. In affiliation with the idea of “productivist social policy” (e.g., the GDP-first orientation) which prevails in this region, these East Asian societies adopt (or apply) the innovation approach for its instrumental value in response to market needs with less emphasis on social affairs<sup>50</sup>.

## 2 Social innovation in practice in East Asia

The various East Asian nations encounter various social challenges to differing extents. The main challenges can be summarised as:

a) **Aging Population.** In East Asia, Japan is the fastest ageing society which has stimulated policy discussion on elderly care services. Since October 2013, the one-fourth of the Japanese population falls into the over 65 age category and, according to some surveys, over half of all Japanese families are senior elderly families<sup>51</sup>. The Four Tigers are behind the curve in comparison with Japan, but their populations are also ageing fast. Due to lower birthrates, it is estimated that over 14% of the total population is over 65, and this will reach over 20% after 2025 in Taiwan<sup>52</sup>. In Mainland China, the percentage of the population over 65 has reached 10%, so it too will increasingly need to find new ways of caring for its elderly<sup>53</sup>.

b) **Income inequality.** In this region, the degree of income inequality remains high in many societies. Taking the Gini coefficient as the indicator, South Korea has maintained a steady Gini coefficient between 1998 and 2009 and in Hong Kong, this rate has a minor change from 0.52 in 2001 to 0.53 in 2012. In mainland China, this rate varied between 0.47 and 0.49 during the 2000s, figures which are quite high in international comparison. On the other hand, the rate in Taiwan reduced from 0.43 to 0.34 between 1996 and 2008, whereas in Japan, it increased from 0.249(1993) to 0.376 (2008)<sup>54</sup>. In all cases, strengthening the social security system and finding policy measures to cope with this challenge is an important issue.

c) **The pressure of economic decline and rising employment.** The East Asian region's economy is at a turning point. Japan has experienced a decade of economic stagnation and in South Korea the economy is also facing challenges. Such challenges are also faced by Taiwan, Hong Kong, Singapore and have recently experienced by Mainland China. This pressure will inevitably influence market operations and the employment situation. Levels of unemployment have risen and the downward economic trend has also produced working-poor groups. There are significant pressures on public budgets and deterioration in income redistribution systems. Thus, to stimulate economic growth and to design favourable policies to facilitate self-employment and generate business initiatives have become central concerns for policymakers.

d) **The pressure of democracy.** In the East Asian region, the 21st century is an era of democracy. There has been a shift of political power between traditional ruling parties and the opposition parties in Japan, South Korea and Taiwan, while democratic power is also growing in Hong Kong, Singapore and mainland China. The tendency towards democratisation in this

<sup>49</sup> Jackson, K., & Debroux, P. (2008). Innovation in Japan: an introduction. *Asia Pacific Business Review*, 14(3), 285-291.

<sup>50</sup> Lin, K., & Wong, C. K. (2013). Social policy and social order in East Asia: an evolutionary view. *Asia Pacific Journal of Social Work & Development*, 23(4), 270-284.

<sup>51</sup> See World Bank dataset, <http://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS>

<sup>52</sup> It was predicted by the National Development Council of Taiwan (<https://www.ndc.gov.tw/>)

<sup>53</sup> See World Bank dataset, <http://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS>

<sup>54</sup> See Census and Statistics Department (2007); Directorate-General of Budget, Accounting and Statistics (2008, 2011).

region increases the pressure on social order maintenance so it is necessary to find a new way and policies to meet with new circumstances.

In all, to adopt social innovation strategies is the basic way to deal with these challenges in this region, which can enable the civil society organisations to play a significant role by increasing the degree of autonomy with respect to the state.

### **3. Social innovation strategies And Processes**

Using the advantage of technological development in the modern era applied to solving social problems, is a basic strategy to promote social innovation in East Asia. This results in policy efforts to achieve various policy goals, such as smart cities, smart elderly care, and the application of IT solutions to social affairs for the benefit of social administration and social management. The ideal of coordinating industrial relations also encourages employers and companies to take social responsibility through social innovation practices. The development of partnerships between government and NGOs through education, training and information dissemination programs can also facilitate the operation of social innovation programs that enable people to become involved in innovative social actions. Innovation approaches with cultural values combining work ethics and family norms are also instrumental in the design and delivery of socially innovative programs.

**Japan:** In the three decades of economic development since the 1960s, Japan made great efforts to explore the international market and allowed a rapid economic growth in the post-war period, even achieving an “economic miracle” in the 1980s. However, like many Asian countries, social innovation strategy in Japan is generally not well-recognised. As reflected in some survey, 84% of the respondents answered that they did not know about the concept of social innovation<sup>55</sup>. In recent years, some young people have actively engaged in social innovation activities, mainly led by NGOs. These NGOs lead social innovation through business activities but their missions are strongly social, and in many cases, are affiliated with companies to deliver special social missions. The state has remained largely inactive in the promotion of social innovation by policy measures, but is skewed in favour of the action made by large corporations. The enduring reality of an alliance between the business and political elites in Japan has made the state as a strong driving force for technological innovation and managerial innovation, less for and social innovation.

**South Korea:** South Korea primarily relied on state credit rationing to support large firms during the 1970s, so the dynamic growth of economy in the 1980s-1990s was mainly driven by large firms. The central government adopted the strategy of R&D (research and development) and educational methods to facilitate economic growth. Thus, the term “social innovation” is vaguely defined and most people could not recognize the meaning of this term<sup>56</sup>. Complete financial sustainability is hard to achieve for most social enterprises in South Korea, and the weak power of civil society also hinders the exploitation of social innovation practices there. The public sector grew quickly in South Korea during recent years, but it is still very difficult for NGOs to sustain their operations for social affairs.

**Mainland China:** With fast economic growth in the last two decades, China has become the largest manufacturing economy in the world. The state has also encountered many

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<sup>55</sup> Mitsumori, Y. (2014). An analysis of Japanese social innovation: comparison study on U.S. and Japanese social innovation. 2014 Proceedings of PICMET '14: Infrastructure and Service Integration, Ishikawa, Japan.

<sup>56</sup> Social Innovation in South Korea with The Hope Institute (Interview), Available at <http://www.socialenterprisebuzz.com/2013/01/17/social-innovation-in-south-korea-with-the-hope-institute-interview/>.

challenges in social affairs due to the economic transition, an ageing society and urbanisation process which causes a large number of migrants. Thus, the state has mobilised all people to create an active society in recent years, with tax relief and occupational training projects to facilitate business innovation. In the social sphere, municipal governments have used a model of “purchasing services” from civil society actors in the fields of education, healthcare, or charitable work to cope with these challenges. Against this background, developing collaboration between the state and the non-state organisations should be underscored as a key issue in the promotion of innovation approaches.

**Taiwan:** As a late comer of industrialisation, Taiwan places special attention on its ability to raise its economic competitiveness in the world markets. The strategic role of the government in changing the economic base for competition is to adjust itself quickly to the need of global markets. In this regard, the government policy and the public finance in relation to social innovation is very limited<sup>57</sup>. Topics of discussion for policy concerns concentrate on specific thematic issues; predominantly employment, the inclusion of the disability and aboriginal communities, but the concept of social innovation is not typically considered. The absence of a strong community of social entrepreneurs also discourages the growth of this concept. Since the innovative solutions can be stemming either from the social and ( or) the private sectors, it is hard to clearly define what innovation should be regarded as “social innovation” practices. Among all possible solutions, to develop social enterprises is the most fundamental way to promote social innovation actions.

**Hong Kong:** Hong Kong became a Special Administrative Region under Chinese sovereignty in 1997, and this event was followed by an economic recession due to the Asian financial crisis which took place in 1998. Under the economic restraints, the central task for Hong Kong’s government is to transfer its role from mainly an international harbour and banking centre and to integrate its production system into that of the Chinese mainland, specifically the Pearl River Delta region of Southern China. Thus, before 1998, the innovation system in Hong Kong was mainly supported by the Industrial Support Funds and Services Support Funds (ISF and SSF) on an ad hoc basis, but later it became more regulated, with more agents and actors<sup>58</sup>. The local government gave an increased commitment to the managerial innovative approach as a new strategy of development. The ITCs (Information and Communication Technology) new strategy get support from the state. Consequently, innovation practices in Hong Kong are closely related to technological innovation approaches, with the dimension of social affairs basically missed.

**Singapore:** Since its independence in 1965 up until the late 1990s, Singapore adopted a strategy of foreign direct investment (FDI), leveraging foreign multinational corporations (MNCs) to transfer and diffuse technology to local companies and employees<sup>59</sup>. The government played a central role in this development. Thus, the advancement in indigenous R&D within targeted fields of science and technology was matched by the commercialisation of the market, especially on the part of entrepreneurial high-tech start-up firms. In regard to social innovation, Singapore has concentrated on developing labour force competencies and skills by developing relevant training programmes and institutions, providing the necessary infrastructure

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<sup>57</sup> Chen, C.Y., Lin, Y.L., & Chu, P.Y. (2012). Facilitators of national innovation policy in a SME-dominated country: a case study of Taiwan. *Innovation Management Policy & Practice*, 15(4), 143-175.

<sup>58</sup> Sharif, N. (2006). An examination of recent developments in Hong Kong's innovation system: 1990 to the present. *Science & Public Policy*, 33(7), 505-518.

<sup>59</sup> Javier R. D., & Matthias, K. (2006). Scaling innovation in south east Asia: empirical evidence from Singapore, Penang (Malaysia) and Bangkok. *Regional Studies*, 40(9), 1005-1023.

and setting an example by itself being a lead user of new technologies. This technology-intensive approach led by foreign multinational corporations and their local operations has limited the growth of social innovation activities.

#### **4. Governance, networks and Actors**

In comparison with other regions and countries, the economic growth in East Asian societies is often regarded as state-led<sup>60</sup>. The state plays a key role in both economic and social systems, which hence also influences the social life of individuals and communities. At the same time, this strong authoritarian context *may* allow a large space for the state to promote social innovation. For instance, the state could initiate some policies to promote social innovation on social affairs, although at the present, attention of the policymakers in this area is relatively weak. However, under the authoritarian context, building up both state and non-state actors is a key factor needed to promote the social innovation process and to build up effective structure of governance in society. Currently, non-governmental organisations and companies are the main actors for establishing social entrepreneurship at grassroots level and of building collaborative relations between different sectors in the area of industrial relations, community work and voluntary work.

There are two main models of governance in social innovation in different fields. One is following the top-down approach which discusses social innovation issues with strong state promotion by policy measure and public investment. For instance in Japan, policymakers are in favour of the large corporations and political elite for mutual support that reinforce the top-down approach. The bottom-up approach which emphasises the role of non-state agents in social innovation can be considered as an alternative model of development. For instance the Jockey Club Design Institute for Social Innovation (J.C.DISI) was initiated by PolyU and the Hong Kong Jockey Club Charities Trust, which convenes university experts, policy designers, civic leaders, intellectuals, professionals and fellow citizens. These actors are dedicated to social innovation actions in response to the challenges of urban sustainability, ageing populations, family and youth, and enabling technology for the disabled.

In East Asia, states can act as innovation entities, but social enterprises (especially big revenue-generating non-profits and innovation organisations) can also start to contribute to social innovation networks. Practitioners can also have influence through policy discussion on the relevant issues of social affairs, with media and academic follow-up to recognize events for the merit of “innovation”. In the business sector, companies can promote CSR for the public interest, and their initiatives can contribute to finding new ways to cope with social problems, or can develop their efforts for social welfare. There are some successful examples of this in practice. For instance in Japan, the Asia Social Innovation Award was set up from 2008, and in every year, 10 innovative cases in social enterprises are awarded<sup>61</sup>.

In the field of social innovation research, some institutes promote innovation studies in this region. In Japan and South Korea, the NPO Hokkaido Green Fund, the Big Issue Japan and the Hope Institute, Korea Development Institute are some examples, and in mainland China, Taiwan and Hong Kong, the Jockey Club Design Institute for Social Innovation, the Society of Social Enterprise Innovation and Entrepreneurship, the Shunde Social Innovation Center, and the Aha School of Social Innovation all play similar roles. In addition, the Singapore Innovation and

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<sup>60</sup> Tang, K. L. (2000). *Social Development in Asia*. Springer Netherlands.

<sup>61</sup> See <http://www.socialinnovationaward.asia>.

Productivity Institute and The Asian Venture Philanthropy Network also do some innovation studies. As to the academic journals, the Japan Social Innovation Journal, the Philadelphia Social Innovation Journal, the Chinese Journal on Innovation and Innovation Time are all forums for the publication for innovation studies, and they broadcast the ideal of social innovation and publish corresponding research findings<sup>62</sup>.

## **5. Resources, capabilities and Constraints**

Though all East Asian states welcome the notion of social innovation, none of them has adopted social innovation as a core strategy for social development. At the policy level, many of these states apply some policies to support social innovation strategies, such as to develop “enabling policy” for creative activities. The typical cases come from mainland China. The government widened the access to registering NGOs and social enterprises, giving a larger space for social innovation practices. It is also common among these societies that the state provides information, education and training to facilitate innovation practices. The private and voluntary sector actors can have some resources to finance innovative practices, but these forms support cannot be effectively evaluated through the statistical data. In addition, the development of the technological and managerial measures could be still powerful factors to encourage social innovation, allowing new ways to cope with social problems.

However, one of the existing barriers for social innovation is limited public attention to social innovation issues. Indeed the idea of social innovation is newly promoted in East Asia and still lacking wide awareness and understanding. As often observed, social innovation issues are often discussed only in the light of technological and managerial innovation, or the meaning social innovation is unclear. Thus, it is necessary to further clarify the concept and operationalise it, aiding its implementation and helping policy makers to understand the potential outcomes.

The second barrier is the difficulty of developing cooperation between state and non-state actors in social innovation. The traditional model in which non-profit organisations innovate and governments follow is giving way to a state-led process and this change often causes the difficulties initiating social innovation actions.

The third barrier is the limited funding for social innovation support. In theory, socially innovative activities are undertaken in the social sphere, for public interest and for social progress. It has close linkage with the social and the public sectors. This logic induces a general understanding of the public that the main activities of social innovation should be undertaken mainly by public actors but not private sector actors. However, since the outcome of social innovation is uncertain. We cannot expect the state to give a large resources of public funds to support innovation practices. This reason prevents investors from making investment into social projects, when the benefit from the innovation cases appear to be vague.

Despite of these barriers, innovation in East Asian societies is promoted mainly in the areas of elderly care, health care, volunteer and social administration, and some program of social innovation emerged from business circle, often via CSR (Corporate Social Responsibility). These practise contribute to formulate new systems and new schemes to manage social affairs. In Japan, social innovation practices can be witnessed from policy-design, health insurance and family care, etc. One example would be the innovation in voluntary actions in a system of crisis

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<sup>62</sup> See <http://www.makehope.org>, <http://www.ss-ic.org.cn/>, <http://www.sd.polyu.edu.hk/en/j.c.-innovation-tower/jockey-club-design-institute-for-social-innovation>, <http://www.sipi.org.sg/>, etc.

management through local efforts after the earthquake of March 2011. In South Korea, the idea of social innovation is seen as particularly helpful for urban planning and the development of innovative cities. In Taiwan, Hong Kong and Singapore, social innovation practices are very much related to company welfare and industrial management, but in mainland China, this idea is applied mostly in regard to social administration.

With these evidence of social innovation observed, the impact of these innovations are hardly asserted. The difficulties of evaluation come from the particular conditions that generates social innovation, and also come from the fact that the innovative cases should go through scaling process for its broadcast. This experience of scaling make some innovation sustainable but other vanished. These general difficulties of evaluation also exist in East Asia. However, the Asian experience induces our attention to two key issues. Firstly, information and communication through technology and the internet are the critical tools in facilitating social innovation. For example, in all East Asian countries, social innovation gives strong support to R&D approach, which enriches the methods of social innovation<sup>63</sup>. Secondly, areas of social administration including community work, voluntary work and service actions are major areas to find new methods and new instruments, and this opens a large space for social management to induce more resources to the social sectors. These practices help people to cover the challenges from the risk society into the active society.

## 6. Conclusions

Several factors intensify the need for a social innovation approach, including the political need and the need of social administration, increasing economic pressure, demographic changes and shifts in traditional family structures. All these changes require people and governments to find new ways to cope and respond. Nevertheless, each country is going its own way in terms of social innovation: some work on how technology can be applied in social affairs or for social administration, whereas other work focuses on the notion of CSR for mediating industrial relations. Therefore, we cannot generally conclude that there is one common model of social innovation in East Asia, but can study various policy practices in relation to social innovation.

However, some general trends of social innovation development can be identified. In the business sector, social innovation issues are included in CSR-related discussions. The discussions and the companies' actions can act as a bridge taking social innovation practices from the business/or private sector to the social/or public sector. Meanwhile, the education sector also needs to find creative ways to meet its challenges, and civil society groups should be aligned with the notion of social entrepreneurship. Representatives of civil society need to share their experiences and initiate joint collaboration between and among the involved countries. Taking some policy areas for illustration, the employment service can combine the business interest and labour interest, whereas on elderly and health care, there is a large potential space for social innovation.

The future social innovation depends on how popular the notion becomes in the region and how strong motivation is of different social actors to promote the concept. In East Asia, many countries are transferring from a primarily economic-focused state to a more socially-oriented state, and during this transformation, policymakers have to find new way of making progress, potentially through social innovation practices. With this perspective, though the states action

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<sup>63</sup> Rajah, R. (2011). Epilogue: implications from industrializing east Asia's innovation and learning experiences. *Asia Pacific Business Review*, 17(2), 257-262.

with regard to social innovation is still limited today in this region, the concurrent social and economic risks demand more protective actions in social sphere in the immediate future. Accordingly, there is a need to promote interactions between private, public and civil society sectors, which cover the activities of CSR, community work and environmental protection, and to demonstrate how social challenges and needs can be met through social innovation practices.

Taking mainland China as an example, the future success of social innovations will rely mainly on two necessary conditions. First, the innovations must be sustainable to produce replicable models of civic engagement, strengthen social entrepreneurship, and build capable non-profit organisations that meet the needs (and increasing demands) of citizens. In other words, they must be premised on and oriented towards citizens. Second, the government's social regulation system should be further relaxed to encourage innovation. More political as well as operational space for non-profit organisations could be created, for example, further loosening the Dual Management System (DMS) requirement<sup>64</sup>. It is also helpful to expand government procurement of services from a wide range of non-profit organisations. Only by taking these steps the government can ensure the real value of social innovation.

Meanwhile, it is also necessary to develop a comparison of different social innovation strategies of societies in order to have mutual learning process. These sector-based networks often focus on a particular policy field or social challenge (employment, education, social inclusion, local governance etc.), and they can share common interests and common practices through policy learning processes. It should also relate to the pace of economic growth and social policy progress, which influence the condition of social change in people's daily lives. Accordingly, we can expect the social innovation approaches will bring new dimensions to development by emphasising the vitality of society and the creativity of the people in socially constructed actions.

Source: an unpublished paper for the SI-Drive Program

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<sup>64</sup> Jing, Y., & Gong, T. (2012). Managed social innovation: the case of government sponsored venture philanthropy in Shanghai. *Australian Journal of Public Administration*, 71(2), 233-245.

# TRANSFORMATIVE SOCIAL POLICY AND INNOVATION IN DEVELOPING Countries

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**Abstract:** Social policy is today receiving greater attention in the field of development studies. Much emphasis is placed on the important issues of reproduction, redistribution and social protection. However, in the context of development, one must add to these concerns the vital issue of production. This article argues that social policy can be innovation-enhancing, through its effects on human capital and skill formation; its capacity to alleviate risk and uncertainty by underpinning the social pacts necessary for managing the contractual nature of labour markets; its incorporation of labour into the saving-investment regime and inducement of long-term perspectives in the financial sector; and its contribution to political stability. These roles underscore the transformative role of social policy that is often overlooked. The recognition of these roles is quite recent in the case of developed countries and much more research is required, with special attention to the problems of catching up.

## INTRODUCTION

Social policies are deployed in pursuit of a wide range of goals including nation- building, equality, ensuring the reproduction of society through family and care policies, and enhancing the productive capacity of citizens. This article focuses on the last goal, examining the relationship between social policy and innovation. In developmental contexts, where the emphasis is on catching up, this transformative dimension of social policy will receive greater attention than in the more developed countries because of the more pronounced exigencies of accumulation in such contexts. A developmental social policy will seek to reconcile economic policies that are constrained by the larger social goals listed above with social programmes that are productivist and investment-oriented.

This is not to suggest that the transformative role of social policy is only relevant in the process of catching up and not in the process of forging ahead of the more developed countries. In today's highly competitive environment, there is a growing realisation that even in the advanced capitalist countries, social policy is a productive source of social investment, and not merely a redistributive mechanism for resources generated in a separate sphere. In this 'productivist' rationale for welfare states, there is greater insistence on the incentive compatibility of social policy with the capitalist system within which it is embedded, and a greater demand for the demonstration of the productive benefits of social welfare within market economies.

This establishment of the investment-oriented benefits of social programmes as opposed to exclusive focus on 'consumption and maintenance-oriented social programs' (Goldberg, 2001) – is necessary to overcome the perception that social services are unproductive and that social expenditures do little more than impede economic growth through negative effects on investment incentives and labour market flexibility. It is this exigency that lies behind the new rhetoric of 'work- friendly welfare states' (Kuhnle et al., 2000) or the 'social investment state' of Anthony Giddens (1998). Although these

ideas are presented as somehow new, it should be stressed that the most redistributivist regimes of Northern Europe have tended to be the most conscious of the productive role of social policy, and indeed social policy has been a constitutive element of the 'production regime' (Kangas and Palme, 2005). There is a growing literature articulating this position with some insights that I believe are relevant to catching up. Curiously this literature is less known in the developing countries.<sup>1</sup>

I borrow from Alexander Gerschenkron (1962) the notion of 'late industrialisers' to place the link between social policy and innovation in the context of 'catch-up'. In linear models of economic history, development is viewed as the passage through various teleologically determinate stages previously traversed by the pioneers. In terms of technology, development involves adopting increasingly more capital-intensive technologies that have been progressively abandoned by the leading countries. Such a linear view, which assumes that all new technologies flow from advanced countries to technologically backward developing countries and that the recipient countries have ready access to complete information relating to new technologies, leaves little room for analysing the supply-side determinants of technological progress in developing countries (Deraniyagala, 2006). In contrast to this view, Gerschenkron argued that one of the advantages of late industrialisation is access to experiences and knowledge accumulated by the forerunners. Latecomers can telescope development, thus adopting certain measures at much earlier stages of their development than the pioneers. They can even embark on entirely new and unprecedented trajectories to speed up development. However, there is no technological shelf that latecomers can draw from without cost (Dosi *et al.*, 1994).

One implication is that 'the process of catch-up involves innovation in an essential way' (Cimoli *et al.*, 2006:5), for as Dosi and associates note: 'Successful late comers have combined heavy imports of technology with strong expansion of indigenous efforts devoted to technological change. Imports of technology and autonomous innovative efforts are not alternative but complementary activities' (Dosi *et al.*, 1994). Another implication is the premium placed on context-specificity of learning and innovation in light of a country's historical circumstances. Although Gerschenkron focused attention on banking and industrial organisation among late developers, his approach has equal force in looking at social policy in general and how it helps countries to catch up (Mkandawire, 2001; 2005; Pierson, 2004). The catch-up process demands what Abramovitz and others (Abramovitz, 1986; 1995) refer to as 'social capability' which includes the attributes and qualities of people and institutions that condition a society's capability selectively to adopt, adapt and improve technologies. The notion of social capability is also the recognition of externalities that create a wedge between social and private efforts. Significantly it includes a number of things upon which social policy has an important bearing: human capital, social institutions, social cohesion, and social adaptability and flexibility. In light of the far-reaching implications of social policy for social capability, it is surprising how rarely the link between social policy and innovation is made in the development literature.

I will also borrow two points from the 'Varieties of capitalism' literature<sup>2</sup> that has sought to explain differences between the 'Anglo-Saxon' market system of the UK and the US and the more coordinated market systems of much of Europe and of some late developmental states. The first is the notion of a 'production regime', which highlights the synergies among various policies, and underscores the institutional complementarity of rules and regulations that govern the internal functioning and mutual coordination of activities of various actors within different national policy frameworks. The second is the notion of distinct 'skill-formation and training regimes', defined as the 'ensemble of institutions... and specialized actors... engaged in the organization and provision of education and training as well as the specific customs, rules, and regulations governing their internal functioning and mutual coordination within different national policy frameworks' (Buechte-mann and

Verdier,1998).What this analysis suggests is that skill formation and training regimes are often embedded in much larger welfare policy concerns with ramifications beyond the economic,and influence political and social relations(including gender).It further posits that in the advanced economies,at least,one finds a strong correlation between key components of social protection(employ-ment,unemployment and wage protection)and the dominant character of the workforce(Estevez-Abe *et al.*,2001;Mares,2003;Bowman,2005;Thelen,2004)

The article is divided into four sections.The first deals with the effects of social policy on human capital and acquisition of skills.I then turn to the effects of social policy on savings,financial resource mobilisation and the time-horizon of the financial sector.The third section looks at the effects of income distribution on patterns of industrialisation and technological choice,while the final section discusses the contribution of social policy,through political legitimation,to sustainability of chosen development strategies and technological innovations.

## **SOCIAL POLICY, HUMAN CAPITAL AND INNOVATION**

### *Human Capital Formation*

Social capability is important in the process of catching up because technological capability,defined as‘the ability to scan,assess,select,use,assimilate,adapt,improve and develop technology that is appropriate to changing circumstances’(Dahlman and Nelson,1995)is embodied in people not machines.The process of acquiring,using and diffusing,improving and developing technology requires a skill formation and training regime that builds on a well-developed educational system that lays the necessary foundation at all levels,and provides on-job-training to cope with the rapidly changing nature of technology(Dahlman and Nelson,1995).The education system performs the vital tasks of reproducing and expanding the knowledge base of a society,by socialisation of subsequent generations into the productive structure of a society and by enabling individuals to master technology,providing them with the ability to combine existing knowledge in novel ways,thereby inculcating into the population and culture the capacity for innovation(Buechtemann and Verdier,1998).This public good nature of education has induced active social policies even in societies that strongly adhere to the market,and it gave the idea of‘manpower planning’ a central role in many development endeavours.

The deliberate generation and acquisition of technology differs from the neoclassical economics view,which has tended to treat technology as exogenous to growth.Recently new growth theories have accorded human capital a central role through their recognition of technological change as endogenous to the growth process.This recognition should have highlighted the transformative importance of social policy and led to an elaboration of the social institutions and policies that that would link social policy to economic growth.After all,it is social policy that links education and training regimes and economic performance by determining levels of schooling enrolment,degrees of accessibility to various institutions of training by different members of society,and provision of incentives to firms and individuals to acquire skills.

However,the recognition of the endogeneity of technological change has not led in this direction.This can be blamed on the neoclassical framework which equates human capital to other forms of capital so that,rather than argue for a more explicit role for social policy,the arguments has instead led to financial policy.It is argued thus that the failure of the poor to invest in their own human capital even in the face of potentially high returns can be blamed on the absence of access to finance.This,in turn is blamed on financial repression which should be removed through financial

liberalisation. This translation of the human capital problem into a financial policy issue is in sharp contrast to the experience in the developed countries where the recognition of the externalities of human capital has immediately led to addressing market failures in the process of skill formation through social policy

### *The Labour Market Question and Innovation*

Closely related to the formation of human capital is the allocation and deployment of labour. This links together industrial relations and social policy which, as Brandl and Traxler (2005) note, have evolved separately. In real systems of production the two are interdependent because they both deal with risk associated with the commodification of labour and the presence of different actors whose interests must be constantly balanced and reconciled. In neoclassical models the major premise is that absent interventions, labour markets set wages at opportunity cost levels and determine Pareto-efficient levels of employment: 'since the unfettered market meets optimality conditions, interventions can only make matters worse' (Freeman, 1992). However, real labour markets are not spot markets and wage setting is not through perfectly competitive markets. In these contexts the distributional variables, such as wages and profits, are determined by collective bargaining, and consequently contracts play an important role in managing risk sharing in labour markets. Labour markets play an important role in innovation both as a site for the enhancement of human knowledge and skills and for the manifestation and resolution of deep-seated conflicts of interest—both core aspects of social capability.

Innovation poses a number of problems that often lead to market failures in the labour market. These include technological externalities or spillovers that encourage free riding by rival firms because of knowledge leaks, imperfect patenting and movement of skilled labour to other firms. There are incentive problems if the innovator does not appropriate all the social gains from innovation. The scarcity and specificity of skills in rapidly industrialising countries means that firms have to contend with the ever-present danger of their skilled employees being poached by other firms.

A related problem faced with respect to labour skills is that of 'hold-up'. Hold-up describes a situation where workers are in a position to bargain successfully for some of the economic returns to their activity, over and above the lowest wage for which they would actually be prepared to work. The situation arises notably in technologically changing contexts where the workforce has specific skills and there are costs to the employer of losing them once trained. The implication—demonstrated using game theory (Malcomsen, 1997)—is that a skilled workforce can renegotiate their contracts to capture some of employers' profits. An individual employee may accept one wage when training, in the expectation of being able to bargain for a higher wage once trained. Collectively too, workers may expect to renegotiate wages after retraining, relying on firms to invest profits earned through initial wage restraint, expectations that may however not be fulfilled.

These problems of poaching and hold-up constitute veritable concerns in the labour markets of developing countries. Poaching can act as one of the major constraints on firm-level training of workers (Middleton *et al.*, 1993). Hold-ups have appeared in the context of import substitution strategies that generate a wage-technique spiral of technological change and rising wages. In these cases, highly protected oligopolies with relatively good access to cheap capital (from development banks and favourable exchange rates) tended to adopt capital-intensive techniques (Arrighi, 1973). This created high levels of surplus and produced what was pejoratively known as 'a labour aristocracy' in a strong bargaining position, since the protected and highly capital-intensive industries often required firm-specific skills. The conglomeration of workers in

modern industry made them better organised and better able to make demands, which in turn, both pushed technological choice in a capital-intensive direction and improved the workers' share in the surplus through higher wages and better working conditions. The Ivory Coast provides an example of the continuing relevance of these concerns even post-liberalisation: Azam and Ris (2001) report that the bargaining power of the workers allows them to impose some *ex-post* renegotiation of the wage agreements in response to new investments by firms.

The problems of poaching and hold-up can sometime be solved by employers. Employers can apply collective pressure to force employees to take on the social responsibility for training or to adhere to certain wage practices, adopt industry-determined wages or set up standardised training of workers. They may also use non-transferable pension schemes to tie labour down. All these arrangements, however, assume a high level of organisation and in situations of extreme informalisation, such measures are unlikely to be effective. Even in the most coordinated, developed countries of Northern Europe, collective pressure on employees has only become effective through selective social policies such as subsidisation of training, or by the state underwriting the labour codes developed by corporatist arrangements. As for hold-ups, when there is no collective solution individual firms may, for instance, reduce their investments or distort their technology choices so as to support their bargaining power in subsequent wage negotiations, or they may choose to adopt strategies of deskilling.

Such private solutions are ultimately costly for both the firm and society. In general, solutions to these skills problems have involved state action, if only to ensure the enforcement of the private arrangements. Social policy has been used to affect both the size and appropriability of innovation rents and to correct market failures through more directly productive process of skill formation (Mares, 2003). Many of the problems of externalities and coordination can be alleviated by the state, which guarantees certain rules and principles of equitable distribution (such as incomes policy, enforcement of social pacts, and so on), all of which have the effect of making innovative investment by the firm no longer dependent on the bargaining power of its own workers and ensures that they will be rewarded for acquiring firm-specific skills. The 'varieties of capitalism' literature and its related concept of training regimes suggest that social policy measures such as employment protection and wage protection make workers more willing to invest in firm- and industry-specific skills that *increase* their dependence on particular employers and their vulnerability to market fluctuations (Estevez-Abe *et al.*, 2001). As D'Antoni and Pagano (2002) argue, the main advantage of state intervention is that it can insure specific resources against the hazard that the firm or even the entire industrial sector fails to survive the Schumpeterian process of creative destruction, while insuring this kind of systemic risk is beyond the reach of private firms (or private insurance companies).

One important role played by states among late industrialisers has therefore been to underwrite and reinforce labour market codes and social pacts whereby trade unions and business associations find it in their common interest to deploying their quasi-public powers through upgrading of skills, work organisation and technological and product innovation. Social policy measures or 'industrial citizenship' have been used to reduce turnover through job-security (Jackson, 2001). In Japan, the state forced employers to establish company welfare schemes of specified standards, while in Germany, the state established a framework of collective government between social partners in which the unions played an important role. Such 'compulsory welfare capitalism' has made the contractual arrangement credible and allowed the long-term economic coordination between employers and employees to address the 'labour question' (Manow, 2001a). Phillip Manow

observes: 'Central for the long-term economic coordination in Germany and Japan was the *quid-pro-quo* of workers' wage restraint given in exchange for employers' credible commitment to reinvest the major part of the profits into the company, instead of paying out high dividends to the company's (share-) owners' (Manow, 2001b). In this way the welfare state becomes 'an insurance device that makes lifetime careers safer and enable people to engage in productive and risky activities that they would otherwise not undertake' (Vartiainen, 2004: 208).

The experience of more recent developmental states points in the same direction of interventionist social policy. The successful developmental states of East Asia adopted 'aggressive, proactive manpower development strategies based on a medium to long term vision of occupational skill requirements rather than short-term market driven considerations' (Bennell and Segerstrom, 1998: 286). These included agreements trading cooperation for long-term employment and real wages, which required external employment and wage protection. The East Asian Tigers' enterprise paternalism, together with national legislation mandating a number of employment benefits, gave workers a modicum of security. Although such welfare schemes were private, they assumed a statutory and non-voluntary character as the private firms became a holder of public social rights. One should contrast this experience of the quintessential developmental states with the current Latin American case, which Schneider describes thus:

Labor relations in Latin America are atomistic and often anomic because workers have fluid, short-term links to firms, and weak or no horizontal links to other workers through labor unions. Among other things, worker turnover is high, few countries in the region have any special institutions (like co-determination) for micro coordination within firms between labor and management). Labor markets in Latin America are characterized by the paradox of high labor turnover despite employment rigidities and protections (especially in the costs of lay-offs) (Schneider, 2004: 9)

The danger in such social arrangements is ossification and rent seeking, reasons why the contemporary neoliberal orthodoxy blames many of these arrangements for inflexibility in the labour market. They are also said to undermine a country's competitiveness through their effect on wage costs, savings and investment, labour supply and incentives. Social policies that insist on labour standards and workers' protection are therefore viewed as market distortions. This notion of static allocative inefficiency has been extended to the more dynamic arena of innovations, leading to calls for deregulation of labour markets.

Under neoclassical theories of supply and demand, and on the assumption of free disposal of redundant commodities, the notion of flexibility in the labour market is often reduced to the right of the employer to hire and fire. However, free disposal for a firm may involve significant cost for society. Related to social capability is the notion of 'social flexibility', which is not simply the aggregate sum of the flexibility of individuals but the capacity of society as a whole to adjust to changing circumstances. The retrenchment of labour in the 1980s and 1990s in many developing countries has led to increased informalisation, which has weakened the training regimes that rely on formalisation of labour markets and training, and in Latin America has led to the devaluation of skills acquired during the import substitution phase (Cimoli and Correa, 2002). Thus some of the rigidities created by social policies may actually provide the Schumpeterian space for innovation and planning, by closing off exit options that militate against growth-inducing commitment (D'Antoni and Pagano, 2002). Reduced employment flexibility, and longer tenure may raise the time horizon of workers, who consequently may not try to maximise current wages and may limit their search for alternative jobs (Acemoglu, 2002). Michie and Sheehan show in an empirical study 'that the low

road'labour flexibility practices encouraged by labour market deregulation-short term and temporary contacts,a lack of employer commitment to job security,low levels of training,and so on-are negatively correlated with innovation'(Michie and Sheehan,2003:123). These considerations partly explain why societies use social policies to internalise the costs of disposal of labour and prevent firms from acting myopically.These include basic labour laws dealing with occupational hazards,minimum wages,working hours,anti-discrimination laws and job security laws.In addition,rehabilitative bankruptcy laws take into account the social and political costs of liquidation,allowing'creative destruction'while trying to mitigate the destruction through reorganisations rather than liquidations.

Finally, in certain economic and social contexts, labour standards serve as'selective'or'focusing devices'which shape innovations (Rosenberg, 1994). Thus as international labour organisation (ILO) economists have argued, standards force employers to'overcome the misguided preoccupation with cost-cutting (via lower wages), and attention to the strengthening of productive power (via training, technical innovation, etc.)'(Sengenberger, 1991:249). Where development is premised on cheap labour rather than increased labour productivity, the country can inadvertently end up in a'sweatshop'equilibrium in which cheap labour leads to lower productivity.Social policies can move an economy towards more preferable equilibria by setting labour standards, by providing incentive to stimulate demandfor skilled labour and by insuring employers against some of the risk of moving up the skill chain (Lauder *et al.*, 2006)

#### *Social Policy, Accumulation and Innovation*

There is a dynamic complementarity between the growth of the economy on the one hand,and the acquisition of technology and the accumulation of skills,on the other.The only way to harness human skills as a dynamic force in development and social transformation is through providing the necessary tools,machinery and equipment through investment.Innovations are usually embedded in or aligned with new technologies that demand investment.As a consequence,human and physical capital are jointly endogenous to growth:high capital stock spurs individuals to acquire more education and skills and high levels of human capital encourage investment in physical capital(Grier,2002).

Social policy influences investment and helps incorporate labour into what Vitols calls a'savings regime'(Vitols,2001).The most direct effect of social policy is through the various statutory funds that often come in its wake,including social security funds such as pension and health insurance funds.Social policies,by channelling an increasing amount of household savings into social security schemes,can shape the demand for financial assets which can,in turn,influence investment and innovation.Pensions can thus serve the multiple roles of protection,redistribution and production,and there is always tension among these roles.

The funds may be either publicly or privately managed,a choice that can have enormous implications for the development of the financial sector.The World Bank and the IMF have held the view that the promotion of private pension funds is more efficient because it leads to the expansion and deepening of the equities and bond markets.This,in turn,may raise economic growth by increasing aggregate savings and investments and their productivity(World Bank,1994).Pension funds have thus been used to kick-start stock markets,or for establishing new social classes such as a black capitalist class(Hendricks,2006).From a developmental point of view,such funds should be used to ensure both good returns to the funds and a contribution to savings and investment in a manner that enhances economic development and technological transformation.

History is replete with useful lessons in this respect. In Germany, tax and pension policies encouraged companies to provide for future pension obligations through a system of book reserves, so employees' future pensions were in effect re-lent to the company (Vitols, 2001: 194). There was a similar case in Japan, although the Japanese public pension schemes were partially funded and accumulated substantial capital channelled directly into the industrial policy apparatus rather than into open capital markets. In Finland, pension funds were used to industrialise by financing the electrification of the country (Kangas and Palme, 2005). In Singapore, the central Provident Fund has been crucial to the country's economic growth by providing a long-term, predictable and large flow of funds for investment (Quah, 1998). In the Republic of Korea, one of the reasons for introducing pensions was to finance heavy and chemical industries. The design of the pension system reflected these productivist objectives and downplayed the welfarist ones that had guided the initial scheme proposal by the Ministry of Health and Social Services (Kwon, 2004; Kim, 2006).

The ways in which labour incomes and welfare are regulated influence the flows of savings into the banking system (including public versus private) or into marketable securities (Vitols, 2001: 177). In its early phases of development, first-order technological innovation is not a central preoccupation of the development state (Amsden, 1989; Krugman, 1994; Wong, 2005) and long-term investment in the processes of accumulation and learning is required. Consequently a major policy challenge in relating labour and financial markets is one of finding systems that ensure both 'patient capital' and 'patient labour' insensitive to the vagaries of current profitability, with long exit horizons and driven by long-term success of the firm and of innovation systems (Hall and Soskice, 2001a; Crouch *et al.*, 2005; Boyer, 2005a). Social policy has been used to induce both labour and capital to lengthen their time horizons, horizons much influenced by the structure of financial markets.

Thus the full-funded market-based and individualistic schemes, such as those of the UK and the US, which the Bretton Woods institutions have been pushing in the developing countries, will tend to encourage demand for securities. In contrast, the solidaristic schemes associated with Northern European welfare schemes and some of the late industrialisers such as Japan, with tenure-contingent wage contracts based on the transfer of incomes between generations, involve less demand for securities and have been behind the growth of the bank-based system of the 'Rhein model'.

Stock markets, while appropriate for countries at the technological frontier, may not be the most appropriate way of funding catch-up that involves learning by doing and longer time horizons than stock markets allow. Singh (1996) argues that institutional frameworks most appropriate for this type of innovation are what Hall and Soskice refer to as 'coordinated market economies' (as opposed to 'liberal market economies') (Hall and Soskice, 2001a). Singh evokes the Gerschenkron argument that in such late industrialisers, unlike the small individual investor in a stock market system who has no incentive to gather the costly information to supervise and discipline managers in management-controlled large corporations, the banks have both the incentive and capacity to subject corporate managers to much more stringent supervision. The German-Japanese types of banks are thus able to cope far better with the problems of asymmetric information, agency costs, and transaction costs than the Anglo-Saxon stock market system (Singh, 1996).

Pension funds in such systems can lengthen time horizons of financial markets: The Japanese main bank system and the German *Hausbank* system gave business access to these relatively patient and 'modest', that is, low-revenue expecting, household savings. It thus buffered managers from shareholder control and allowed firms to strategically enter into new markets and invest into new technologies with a long-term perspective. (Manow, 2001b: 2) Pension schemes have thus

underpinned the bank-based system that Gershenkron noted as an important component of catching up for late industrialisers (Gershenkron, 1962).

## **INCOME DISTRIBUTION AND INNOVATION**

Social policy is a major determinant of income distribution, which, in turn, can affect rates and patterns of accumulation, political stability and social cohesion, both of which are critical elements in Abramovitz's (1995) notion of 'social capability'. On the supply side, income distribution can determine the wage-profit shares, which in turn can affect the rate of accumulation. High wages might compel capitalists to use more labour-saving techniques and thus undermine employment-creation efforts. If capitalists have a higher propensity for saving than workers, a technique that favoured investors would lead to higher levels of growth and eventually higher levels of employment and consumption for wage earners. Conversely, however, sweat shop wages might lead to low productivity and low income technology.

On the demand side, social policy can affect innovations through its effect on income distribution and consumption patterns. Structuralists have argued that unequal distribution encourages the consumption of imported goods or goods that are produced domestically through capital-intensive techniques (Stewart, 1978). It has also been argued that skewed income distribution can enhance the international demonstration effects, tending to bias technological choice and innovation towards imported or capital-intensive goods, and disrupting the learning process that could lead to a more orderly modernisation of consumption patterns (Felix, 1974, 1977). The endogenous growth literature suggests that a relatively equal income distribution favours those goods likely to be demanded by the middle class, producing high returns to middle-income skills and consequently higher spending on middle-class education (Rebeggiani, 2005). These competing effects of income distribution on technology and innovation will be influenced by social policy.

Income distribution has been influenced within late industrialisers by redistribution among workers through within-firm wage compression. Late industrialisers have tried to avoid wide wage dispersion through repression and social pacts, while in the more democratic developmental states, 'solidarity' wage policies have been used. Low-wage dispersion reduces the danger of poaching by reducing the wage differentials between those with general skills and specific skills. Furthermore, workers are observed to regard a fair wage system as one with pay differentials that are more compressed than productivity differentials. The consequence is that firms with wage compression will have more harmonious labour relations and thus achieve higher output per worker (Akerlof and Yellen, 1988). In the social democratic model, the wage squeeze was used to induce structural changes 'by reducing profits in low productivity firms and increasing profits in high productivity' thus making incomes policy into industrial policy (Moene and Wallerstein, 2006:155).

The distribution of income and opportunities also touches upon some of the interactions between social arrangements and the incentive structure that link social status and the allocation of talent. Social impediments to access to opportunities caused by high levels of inequality can hinder the full allocation of talent, and thus lower the frequency of innovations, which in turn reduces growth. One should add here that even redistributive measures of the nation-building type can have far-reaching effects on societies' productive regime. D'Antoni and Pagano (2002) argue that the investment by states in 'homogenous national cultures' (through the formation of education, professional and legal standards) can help increase the 'liquidity' of their citizens and thereby address both the poaching and hold-up problems by decreasing the specificity of many human capital investments.

## THE POLITICAL CONTEXT OF INNOVATION

The effects of social policy on technological innovation are mediated by the political-social context and the policy regime to which it is tethered. Few variables identified in the literature on the determinants of growth are as robust as political stability. This asserts itself through its favourable impact on investment via the security of property rights, one of the most basic requirements of a market economy. Property rights are secured both by laws and also by the political and moral legitimacy that such rights enjoy. Perhaps the single most important function of social policy is the legitimisation of relations of production and property rights. Furthermore social policy lends legitimacy to the hierarchies and status inherent in capitalist production and, through education, inculcates citizens with values and norms that underlie social collaboration.

Rapid industrialisation produces enormous social dislocations and strain, challenging the social acceptance of innovations. In a dynamic market economy there is a continuous process of creative destruction, and specific investments in human capital can be particularly risky. There is a painful trade-off between the advantages of market flexibility and those of specialisation. Excessive social polarisation can create pressures against change, so that every innovation is likely to be viewed in zero-sum terms (Gradstein and Justman, 2002). Where new technologies have been introduced in a manner that has threatened people's livelihoods through retrenchment or reduced payoffs from new necessary qualifications, it has provoked resistance and even a Luddite response by workers (Zwick, 2002). Social policy, by ensuring job security or bearing the costs of retraining, can therefore serve as an important means of making technological change and innovation less threatening to societies and more socially acceptable.

The political management of such conflict between winners and losers, both individuals and societies, gives social policy a central role in sustaining social cohesion. In the late industrialisers, the labour question was how to integrate labour into the new industrial order without compromising the accumulation process, and also how to enhance the skills and capacity of labour without shifting power in favour of labour.

Most of the development states were authoritarian, and repression was an important tool in ensuring the acquiescence of labour. However, repression was not the only tool at their disposal. All these states devised social policies that sought to complement repression and to integrate labour into their developmental projects. Indeed in many cases social policy was deliberately designed to pre-empt the action of labour through paternalistic solutions that sought to limit welfare privileges selectively to the workforce that was vital to economic growth. Politics was an important arena because, Deyo (1989) suggests, people in the development process could use it to influence the direction of development and technological change. They could do this through: (a) the definition of development needs to which political action partly responds; (b) the determination of an array of human, and socio-cultural and organisational resources or constraints which influence the success of particular strategies; (c) the generation of distributional and welfare demands on elites; and (d) the mobilisation of demands for political reforms. Through these actions and political mobilisation, workers can exclude certain technological trajectories. Sweat shop industrialisation strategies were therefore difficult in countries such as Argentina because of popular mobilisation. Even within the capitalist classes there may be contests over development strategies. Capitalists who own enterprises whose competitive advantage is based on low wages and flexibility will be strongly in favour of labour-market liberalisation, while those with

skill-intensive products will be keen to cultivate long-term contracts with skilled workers and will support strong statutory employment protection.

The acquisition and distribution of skills in a society is a highly political affair, not only because it involves decisions on the distribution of state resources but also because it determines people's life chances and overall relations to society and the economy. Education has always been seen, not just as the creation of human capital, but as a major instrument in the socialisation of citizens and as a social force of cohesion by shrinking the social distance among individuals.

## CONCLUSION

After years of being viewed simply as a camouflage for special interests and thus inimical to fiscal responsibility, and after being reduced to the marginal role of safety nets, social policy is back on the development agenda. Much of the new emphasis on social policy is on the extremely important issues of redistribution and social protection. However, in the development context, one must add to these concerns the vital issue of production. This article has propounded several roles of social policy in underpinning the process of innovation in developing countries. I have argued that social policy can contribute to the social capability that underpins technological capacity and has a vital role in the process of catch-up. Social policy can be innovation-enhancing, through its effects on human capital and skill formation; through its capacity to alleviate risk and uncertainty by underpinning social pacts that are necessary for managing the contractual nature of labour markets; through its incorporation of labour in what Vitols (2001) refers to as a saving-investment regime; through its shaping the structure of demand via income distribution, inducing long-term perspectives in the financial sector; and through its contribution to political stability.

These roles underscore the transformative role of social policy that is often overlooked or only implied in the analysis. I have also stressed that the relationship between technological innovation and social policy is affected by and characterises the policy regimes of different economies. The purpose of the article has been to identify some areas that must be considered in relating social policy to innovation, and to highlight some relationships that often escape attention in relating social policy to development. The recognition of this role of social policy development roles is quite recent and much more research is required with special attention to the problems of catching up.

This article suggests that useful conceptual gains can be obtained by drawing on the literature that relates innovation to regimes within which social policy plays a defining role. It also suggests that while in much of the literature on late industrialisers the coherence between social policy and the strategies for catching up appears *ex post*, for developing countries there is an important opportunity to generate such coherence by *ex ante* design (Boyer, 2005a).

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## NOTES

1. Exceptions include Huber (2002) and Stephens (2002) which relate the 'welfare regimes' literature to the development literature.

2. Including the literature from the French regulations schools(Boyer,2005a,2005b),the‘social structure of accumulation’(Kotz *et al.*,1994)and the explicitly‘varieties of capitalism’literature.(Hall and Soskice,2001b;Thelen,2001).

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# **Innovation in the public sector: Key features influencing the development and implementation of technologically innovative public sector services in the UK, Denmark, Finland and Estonia**

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## **1. Introduction**

Many people believe that the very notion of an innovative government is paradoxical. Innovation is presumed to thrive in dynamic, flexible business enterprises and not in rigid, bureaucratic government organisations. Thus, as a bureaucratic institution that adheres to strict rules, regulations and habitual ways of doing things, government is assumed to be far from anything modern. Nevertheless, in response to a range of economic, political and ideological demands, the structures and processes of public governance are changing and modernising. Today, public services are seen as needing to develop creative ways to address fiscal restraints while fulfilling citizen demands for efficient service delivery. In view of these developments, innovation is becoming a reality in government [29]. The failure to innovate in public services creates imbalances in societies and additional fiscal restraints.

However, scientific knowledge in the area of innovation has been generally limited to the private sector. There is lack of good empirical evidence about innovation by public service organisations (PSO) and of a solid framework by which to analyse it. The case for the innovative capacity of public organisations is under-researched; the literature is full of normative assertions and/or pejorative arguments, but little empirical work [4]. Therefore, the purpose of the present article is to give some empirically grounded hints about the innovation process in public sector services. The ultimate goal of the survey behind the article is to move towards a theory of innovation in public sector services.

The current article is based on an experimental survey of public service innovations in four countries: the UK, Denmark, Finland and Estonia, chosen as countries that have built up a strong reputation in advanced areas of e-government services, etc. The aim of the survey was to discover the key features influencing the development and implementation of technologically innovative public sector services in these countries.

## **2. Theoretical framework**

The present article focuses on two dimensions in the public service innovation process – the learning dimension and the managerial dimension. Both dimensions are obtained from previous theoretical and empirical practices from the private, as well as the public sector.

### *2.1. The first theoretical dimension of the present article is the learning perspective*

According to Lundvall [15], the fundamental resource in the modern economy is knowledge and, accordingly, the most important process is learning. The role of knowledge in innovation processes is strongly emphasised by the evolutionary literature [10, 18, 19], as well as by the literature on the

knowledge-based economy [7, 16]. In these contributions, knowledge becomes highly idiosyncratic at the firm level, and does not diffuse automatically and freely among firms. Of the key components of a high-performance organisation, a learning mode is the most important. A learning organisation places a premium on innovation, risk taking, training, the right tools, communication, and measurement.

In the framework of organisational learning, there are two important sides. The first is related to the external environment, and reflects the educational level of a country, the appropriateness and qualitative level of public research institutions (in the particular industrial field), the general international competitiveness of a particular industry (suppliers, buyers, competitors), as well as the regulatory and policy environment. The other side is organisational, sometimes called ‘absorptive capacity’. Introduced by Cohen & Levinthal [5], absorptive capacity refers to the aspects of an organisation’s fundamental learning processes: its ability to identify, assimilate and exploit knowledge from the environment. Developing and maintaining absorptive capacity is critical to the organisation’s long-term survival and success because it can reinforce, complement or refocus the organisation’s knowledge base.

In the public sector context, organisational learning is often tackled in the frame of ‘policy learning’ where, as pointed out by Dolowitz et al. [9], recent technological advances have made it easier and faster for policy-makers to communicate with one another and, therefore, the occurrences of policy transfer have increased. In today’s policy learning context, Kemp et al. [13] suggest making a distinction between three types of policy learning: technical learning (about instruments), conceptual learning (about goals and strategies) and social learning (about societal values, responsibilities, appropriate ways of interacting, and policy approaches).

## *2.2. The following learning-focused propositions will be supported or rejected in the present article*

### *2.2.1. PL1*

Technological innovation in the public sector services requires a broad range of managerial and organisational improvements. We believe that innovation-related organisational learning is multi-factorial. According to Røste [28], the cumulative accumulation of knowledge and skills, i.e. the whole learning process, is crucial for innovation in the public sector.

### *2.2.2. PL2*

External learning and consultation plays a positive role in successful public service innovations. Not all the new ideas are generated inside the focal organisation; some are generated externally but are adopted by the organisation [8]. The better the actors at developing networks that can help them get access to the relevant competences and partners that can help them in their learning processes, the greater the chances that their innovation processes will succeed [14].

### *2.2.3. PL3*

Innovation-related learning in public sector services is cumulative and can result equally from previous positive and negative experiences, internally and externally. We support the view that innovation and risk-taking are influenced by previous experiences, both within the organisation and outside.

From the management perspective, the second theoretical dimension, we draw on innovation management approaches (see for example [25–27,30]). According to Rothwell [27], success is multi-factored – studies show that, in general, successful innovators outperform failures across the board. Success is a matter of competence in all functions, and of balance and coordination between them, and not of doing one or two things brilliantly well [6]. Moreover, success factors are more or less common to all industries, although their rank order or importance can vary from sector to sector [27].

From the operative side, Rothwell suggests treating innovation as a corporate-wide task. He distinguishes factors such as the ability to attract and retain talented, dynamic and open-minded managers; a commitment to the development of human capital; the presence of certain 'key' individuals (effective product champions and technological gatekeepers); good internal and external communication; a willingness to take on external ideas; careful planning process and regular appraisal of projects; and a strong emphasis on satisfying user-needs through building up efficient customer linkages.

From a more strategic side, Rothwell stresses the importance of top management commitment to, and visible support for, innovation; having a long-term corporate strategy in which innovation plays a key role; long-term commitment to major projects; corporate flexibility and responsiveness to change; top management acceptance of risk; and creation in the firm of an innovation accepting, entrepreneurship-accommodating culture.

### *2.3. The following management-focused propositions will be supported or rejected in the present article*

#### *2.3.1. PM1*

Factors (including goals) influencing the innovation process in public sector services differ to some extent from those known from the private sector. While analysing the results of a worldwide public sector innovations survey, Borins [3] concluded that a common denominator of all the characteristics of public sector innovation is that they look very much like the private sector. However, in their case study research, Vigoda-Gadot et al. [31] received mixed results on this issue.

#### *2.3.2. PM2*

Innovation goals in the public sector are polarized. Despite the innovation goals in the private sector are skewed towards the quality issues (see [11]), due to multiple values and goals in the public sector [32]), there is a reason to believe that possible goals in the public sector services are more polar ones.

#### *2.3.3. PM3*

Innovation goals in the public sector are technically achieved, but the ways in which they are "successful" fall below the initial expectations (rated as average or poor). This proposition is set up in order to discover how good are the innovation results in public sector services as compared to the initial expectations.

#### *2.3.4. PM4*

Innovation supporters in the public sector can be equally internal to the organisation and external. Vigoda-Gadot et al. [31] found that all of the participants could be initiators of innovation in the public sector. However, managers, professionals, and politicians were found to be more so than others. Borins [2] also supports the idea that innovation supporters are always multi-factorial.

#### *2.3.5. PM5*

Innovation barriers in the public sector are predominantly internal to the organisation. Vigoda-Gadot et al. [31] claim that barriers to innovation in the public sector are predominantly internal to the organisation. Controversially, in private sector services, on a broad level, surveys tend to show that the external conditioning factors are seen as more significant barriers to firm innovation than internal barriers (see [11]).

#### *2.3.6. PM6*

Personal leadership is the internally dominating factor supporting innovation in public sector services. The importance of 'key' individuals in the innovation process (such as product champions, entrepreneurs and technological gatekeepers) is stressed by many authors (see [14, 27]).

### 3. Research methodology

The present research has been an experimental attempt to assess empirically the factors influencing, supporting and hampering the development and implementation of successful, technologically innovative public sector services in four countries: the UK, Denmark, Finland and Estonia. Due to the theoretical and methodological limitations of the present subject, both the structure of the theoretical foundations, as well as the choice of methodology for the research are unique. The *basic unit of analysis* is a specific, successful, technologically innovative public service ('the case'), implemented by an actual organisation, directly or indirectly benefiting citizens or customers.<sup>1</sup>

In defining the research subject, the fundamental ideology of the Oslo Manual [20] has been followed. Public services in the survey are defined to be those services managed in the public domain (not necessarily provided there), funded predominantly by government-raised income, and subject to direct or indirect control of the elected politicians [32].

The research is the *best practice* by its nature. This method is supported by the fact that the purpose of the research was to examine the environment in which the innovation occurs, rather than to explore the innovations themselves. This type of research is not new. Inspired by Peters & Waterman's [23] work on excellence in private sector firms, the best practice researchers have attempted to identify the characteristics of successful and innovative public sector organisations [1,21]. Today, the best practice research is one of the major new streams of public management research [2]. The present authors are aware of the possible problems of the method, such as selectivity, sustainability, and comparability (see for criticisms [2,17,22]), and have therefore tried to avoid them.

Table 1  
Improvements of intra-organisational capabilities in order to innovate (% of respondents)

	General management skills	Project management skills	Technological knowledge	Organisational structure	Motivation system of personnel	Other	None
UK	40	73	73	33	7	7	7
Denmark	41	76	65	41	29	6	0
Finland	20	45	65	20	20	5	15
Estonia	36	64	71	21	7	0	4
<b>AVERAGE</b>	<b>34</b>	<b>64</b>	<b>69</b>	<b>28</b>	<b>15</b>	<b>4</b>	<b>6</b>

Table 2  
Externally obtained capabilities to innovate (% of respondents)

	Managerial advice/support	Project management advice/support	Technological advice/support	Human resource management advice/support	Other	No external capabilities were obtained
UK	33	27	87	0	7	7
Denmark	0	18	76	6	12	6
Finland	0	25	80	0	5	15
Estonia	14	18	82	11	0	7
<b>AVERAGE</b>	<b>11</b>	<b>21</b>	<b>81</b>	<b>5</b>	<b>5</b>	<b>9</b>

The *survey* was based on a *questionnaire* sent by e-mail to the pre-identified persons linked to the particular public service innovation development. The *sample of the survey* was identified by discussions with the field-experts, as well as by extensive survey on the Internet and of the literature. The final sample of the survey comprised 135 cases of such services. Among these cases, the survey was conducted as a total survey. Out of these, 81 questionnaires were returned, making an overall *response rate* of 60 per cent. The response rate was the highest in Denmark (69%), followed by Estonia (68%),

Finland (57%), and the UK (45%). The distribution of responses across different fields of public service can be followed in Annex 1.

#### 4. Empirical findings – learning dimension

Table 1 shows the importance of different internal capabilities that organisations improved in order to innovate. We see that most important of these are technological knowledge (69% of all respondents) and project management skills (64%). Relatively less important were improvements in general management skills (34%), organisational structure (28%) and motivation systems of personnel (15%). The importance of internally improved capabilities was similar across all countries in the survey.

Table 2 shows the importance of different capabilities that organisations obtained externally in order to innovate. We see that the single most important externally obtained capability is technological advice and support (81%), far ahead of project management advice and support (21%), and management advice and support (11%). External technological advice and support was highly used in all countries (from 76% in Denmark up to 87% in the UK).

Table 3  
Existence of previous experience with similar innovations (% of respondents)

	Yes, positive experience	Yes, negative experience	No experience
UK	53	13	40
Denmark	65	6	35
Finland	50	20	45
Estonia	46	7	54
<b>AVERAGE</b>	<b>53</b>	<b>11</b>	<b>45</b>

Table 4  
Learning from previous experience while innovating (% of respondents)

	Yes, from previous negative experience within the organisation	Yes, from previous positive experience within the organisation	Yes, from previous negative experience outside the organisation	Yes, from previous positive experience outside the organisation	No
UK	33	53	27	33	13
Denmark	18	35	6	29	24
Finland	35	45	35	55	15
Estonia	7	29	21	46	21
<b>AVERAGE</b>	<b>21</b>	<b>39</b>	<b>23</b>	<b>43</b>	<b>19</b>

Table 3 shows whether the organisations had any previous experience with similar innovations. We see that 53% of responding organisations had previous positive experience with similar innovations; only 11% of the respondents reported having previous negative experience. As much as 45% of the responding organisations had no previous experience, positive or negative, with similar innovation (this was highest in Estonia – 54%, and lowest in Denmark – 35%). Previous positive experience was most encountered in Denmark (65%) and least in Estonia (46%). Negative experience was most often faced in Finland (20%) and least in Denmark (6%).

Table 4 shows whether the organisations had learned from the previous experience (within the organisation and outside) while innovating. Learning from the previous positive experience seemingly dominates any learning from the previous negative experience. We also see that organisations are slightly more likely to learn from others than from their own previous experience: 43% for the former and 39% for the latter in terms of positive experience, 23% and 21% respectively from previous negative experience. When comparing different countries, we see that in the UK and Denmark organisations most

often learned from their own positive experience, while in Finland and Estonia organisations were more open to positive experience of others; and similarly for learning from negative experience.

#### 4.1. Answering the research propositions related to organisational learning

##### 4.1.1. PL1

Technological innovation in the public sector services requires a broad range of managerial and organisational improvements: accepted. Organisations in the survey improved several intra-organisational capabilities in order to innovate (e.g. technological knowledge, project management skills, general management skills, organisational structure; see Table 1). Only 6% reported not having any internal capability improvements to innovate.

##### 4.1.2. PL2

External learning and consultation plays a positive role in successful public service innovations: accepted partly. Organisations in the survey did obtain external capabilities in order to innovate.

Measurement of innovation ‘success’ (% of respondents)

	Success measured by identifying user- performance	Success measured by online user- questionnaire	Success measured by offline user questionnaire	Success measured by other	No result measurement used
UK	67	60	40	7	7
Denmark	56	33	33	17	6
Finland	50	45	40	45	5
Estonia	43	25	25	7	29
<b>AVERAG</b>	<b>52</b>	<b>38</b>	<b>33</b>	<b>19</b>	<b>14</b>

However, the capabilities were too much towards one type of knowledge – namely 81% of them obtained external technological advice/support (see Table 2). Other improved factors were too minor for fully accepting the proposition (e.g. 21% for project management skills; 11% managerial advice and support; 5% HMR advice/support).

##### 4.1.3. PL3

Innovation-related learning in public sector services is cumulative and can result equally from the previous positive and negative experience, internally and externally: accepted. Only 19% of the responding organisations did not learn from the previous experience (while 45% had no appropriate experience in-house). All experiences, internal and external, positive and negative, were used (see Tables 3 and 4).

## 5. Empirical findings – managerial dimension

### 5.1. Multidimensionality of innovation goals and results in public sector services

Figure 1 illustrates the multidimensionality of innovation goals in public services. On average (across the countries) the most important innovation goal has been to respond to user needs (3.52 on a scale of 4), followed by improvements in service quality (3.49), to go online (3.43), and to improve the take-up of the service (3.3). The least important innovation goal has been to gain social or political popularity (2.21), followed by improvements in the organisation’s competitiveness (2.24), improvements and changes in organisational behaviour (2.37), and reducing the service cost (2.53). We can also identify different country patterns in terms of their innovation goals. For example, in Estonia the most important innovation goal was to reduce the time spent on service delivery (3.57), while in Finland and the UK it was to go online (3.76 and 3.53 respectively), and in Denmark to improve transparency (3.59). If we

look at the general picture of innovation goals across countries, we see that transparency issues are more important in Denmark than in other countries; the service cost issue is more important in the UK; the service diversity issue is relatively more important in Estonia and relatively less important in Finland.

### 5.2. Success measurement in public sector services

Most of the organisations in the survey measured the ‘successes of their innovations (see Table 5). The majority of them used automatic features of their systems to track user performance (52%); this was highest in the UK (67%) and lowest in Estonia (43%). In terms of importance, the next tool used for user performance identification was the online user-questionnaire (38%), followed closely by offline user-questionnaires. Online user-questionnaires were again most used in the UK (60%), followed by Finland (45%) and Denmark (33%). Offline user questionnaires were used by slightly less than half of the respondents (40%), both in the UK and in Finland. Finland was also a strong user of other different kinds of measurement tools (45%). Interestingly, no user-performance measurement was used by 29% of Estonian organisations; this percentage was much lower in other countries (in the UK 6%; Denmark 7%; Finland 5%). Nevertheless, the latter might be due to the fact that Estonian public service innovations in the survey are relatively new (mostly developed close to 2004). The most ‘productive’ starting year for developing public service innovations across countries was 2000 (the development of 24% of the cases in this survey started this year), followed by 2002 (18%) and 2003 (18%).

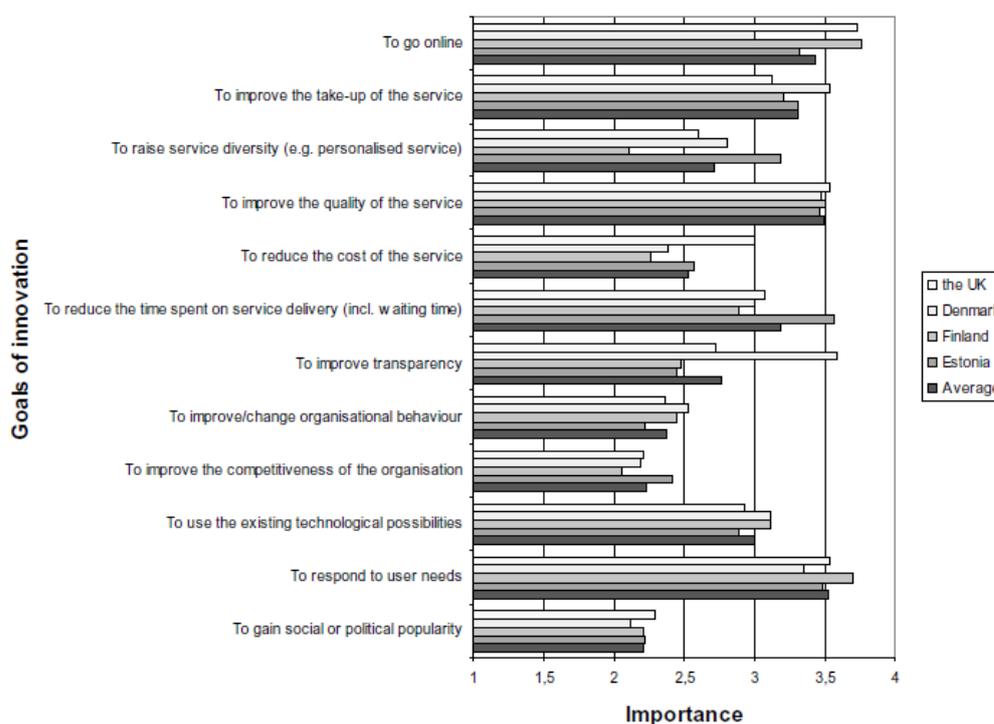


Fig. 1. Goals of innovation in public sector services.

Responding organisations rated the ‘success’ of their innovations relatively highly (see Table 6). Compared to the initial expectations, 30% rated their innovation results as excellent and 60% as good. Only a small minority rate their results as average (6%) or poor (1%). The relatively good evaluation might be partly due to the fact that it is hard (and maybe not possible) to find any (common) quantitative measures to measure innovation success in the public sector (compared to the private sector where returns on investment, sales or productivity measures can be used). The UK is the most confident country in terms of rating the innovation results: almost half (47%) of the UK responding organisations felt their

innovation results were excellent. Most pessimistic in terms of results was Estonia, where only 18% of cases were rated as excellent, 64% as good, 14% average, and 4% poor.

Table 6  
Innovation results compared to initial expectations (%)

	Excellent	Good	Average	Poor
UK	47	40	7	0
Denmark	28	67	0	0
Finland	35	65	0	0
Estonia	18	64	14	4
<b>AVERAGE</b>	<b>30</b>	<b>60</b>	<b>6</b>	<b>1</b>

### 5.3. Internal and external factors influencing, supporting and hampering the innovation process in public sector services

Figure 2 illustrates the importance of different internal factors supporting innovation in public sector services (by country). On average (across countries), the most important is personal leadership or existence of ‘key’ individuals (3.42), followed by top management commitment and support, and open-minded managers (both 3.19). Close cooperation with technology suppliers and good knowledge of the existing technologies were also rated important (both 3.16). At the opposite end, the least important were hierarchical (top-down) power (2.06) and flexible organisational structures (2.49). From a country perspective, the pattern was quite homogeneous. Nevertheless, the UK slightly exceeded other countries in terms of management commitment and support, cooperation with technology suppliers, cooperation with future users, and good market knowledge. In Denmark, the internal learning capabilities and flexible organisational structures were slightly more important than in other countries. Hierarchical top-down power was rated by all countries as the least important factor supporting innovation in public sector services.

Figure 3 illustrates the importance of different external factors supporting innovation in public sector services. External supporting factors are generally rated relatively lower than the internal factors. The most important external factor has been good cooperation with partners (intermediates and technology providers), rated 3.25. This was followed by user demand (3.18) and user trust (3.03). Supportive policies (international, national, regional or local) were also rated relatively important (2.79). The least important external factor was, interestingly, competition (1.86); followed by budgetary pressure (2.09), low technological risk (2.14), technology push (2.18), and appropriate laws and regulations (2.26). From a country perspective, the picture was more scattered than in the case of internal support. For example, in the UK, political demand, political commitment to long-term projects and budgetary pressure were relatively more important than in other countries. In Denmark, several factors were less important than in other countries, for example, low technological risk, user trust and demand, and appropriate laws and regulations. Political demand and commitment to long-term major projects were relatively important in Denmark (as in the UK). In Finland, competition, budgetary pressure, technology push, and political demand and commitment to long-term major projects were relatively less important for innovation than in other countries. User demand and trust were relatively higher rated in Finland than in other countries (except the UK).

Figure 4 illustrates the importance of different internal factors hampering innovation in public sector services. Organisations rate the importance of different innovation hampering factors (internal and external) much lower than the supporting factors. Country differences are also relatively bigger in

terms of hampering factors (especially internal hampering factors) than for supporting factors. In terms of the importance of different internal hampering factors, we should first stress that most of the factors were rated below the average (2.5). Of these, the most important internal factor was the lack of knowledge about existing technologies (2.05), followed by weak cooperation with technology suppliers (2.03), weak top

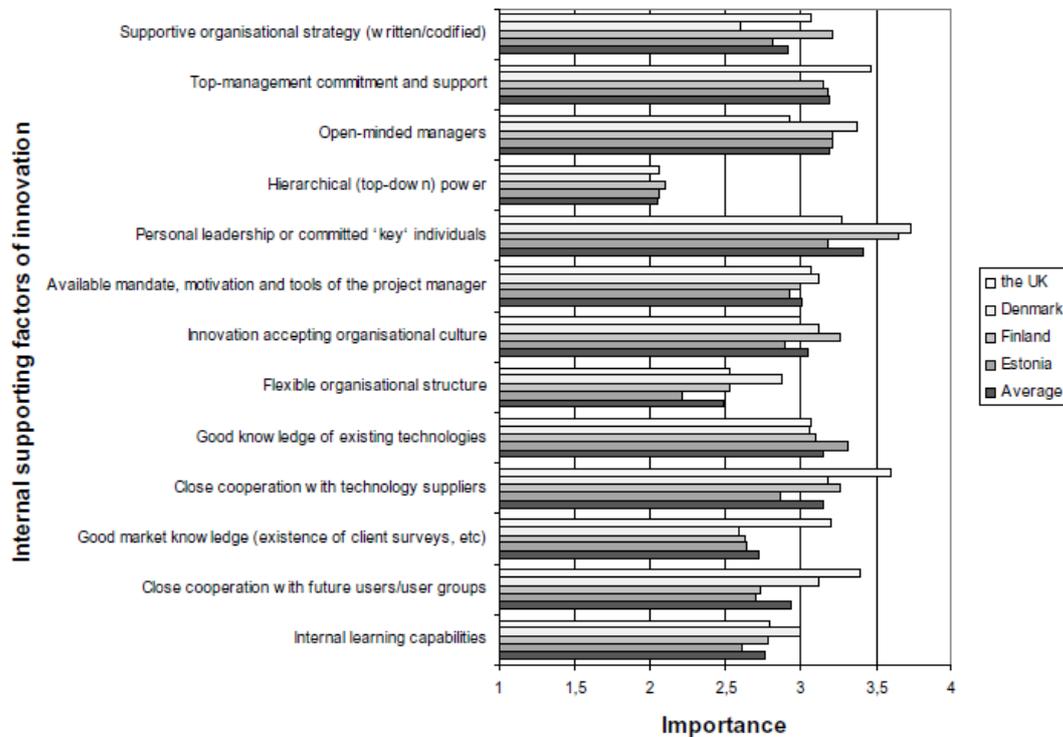


Fig. 2. Internal factors supporting innovation in public sector services.

management commitment and support (1.97) and no supportive organisational strategy (1.91). The least important internal factors were lack of ideas (1.56), lack of hierarchical (top-down) power (1.65), previous negative experiences (1.66), and lack of personal leadership (1.72). The biggest country differences are between the UK and other countries. This might be due to the fact that the UK public organisations and, therefore, public service improvement projects are much bigger than in the smaller countries in the survey. For example, no supportive organisational strategy (written/codified) was rated much higher in the UK than in other countries, and the same goes for weak top-management commitment and support, close-minded managers, lack of personal leadership or committed 'key' individuals, stagnating and rigid organisational culture, and previous negative experience/failures. Conversely, Finland rated many factors lower compared to other countries (e.g. in lack of personal leadership and 'key' individuals, close-minded managers, lack of ideas, previous negative experience, and lack of market knowledge).

Figure 5 illustrates the importance of different external factors hampering innovation in public sector services. The level of importance of external hampering factors is similar to internal hampering factors. The most important external hampering factor was lack of finance (2.35), followed by high technological risk (2.04), absence of relevant good examples (2.01), high political/reputation risk (2.01), weak cooperation with partners (1.99), and digital divide (1.99). The least important external factors were lack of user demand (1.73), lack of trust (1.81), lack of supportive policies (1.83), no or weak political demand (1.85), and inappropriate laws and regulations (1.85). The biggest country differences are for high political/reputation risk, and lack of demand (in both cases, the UK rated relatively higher and Finland relatively lower). Interestingly, the Finnish organisations were relatively less influenced by most of the

possible innovation hampering factors (i.e. no political commitment to long-term projects, lack of supportive policies, inappropriate/rigid laws and regulations, lack of finance, high political/reputation risk, high technological risk, weak cooperation with partners, lack of user demand, lack of trust, and digital divide).

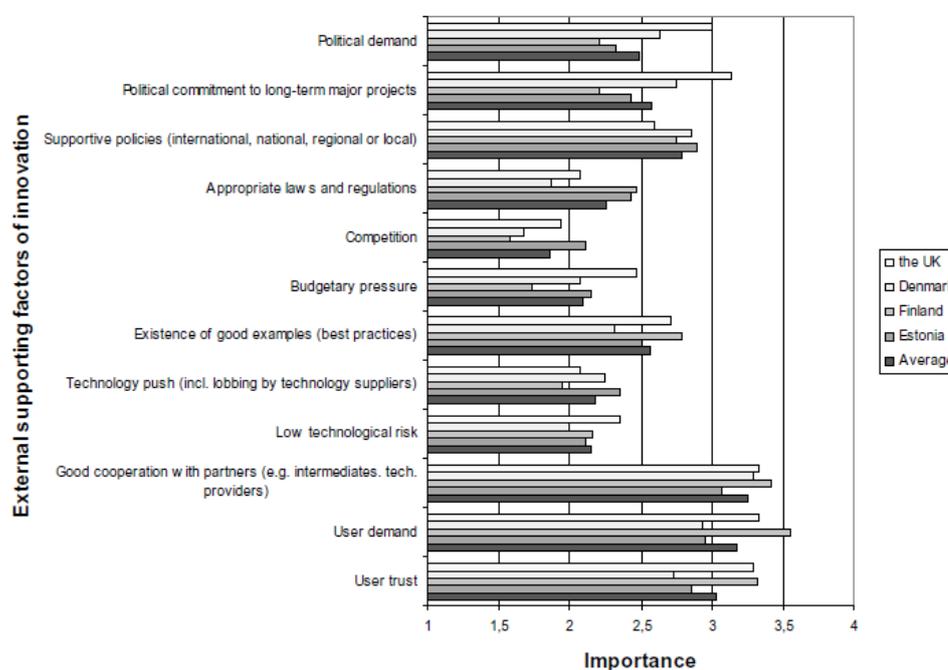


Fig. 3. External factors supporting innovation in public sector services.

In looking at these external factors hampering innovation, one should keep in mind that almost all of them were below the ‘scale average’ (2.5). This means that the surveyed organisations faced different (internal and external) innovation hampering factors relatively weakly while developing their innovations.

#### 5.4. Answering the research propositions related to managerial view

##### 5.4.1. PMI

Factors (including goals) influencing the innovation process in public sector services differ to some extent from those known from the private sector: accepted. Competitiveness and service cost, which are important innovation drivers in the private sector, were both among the least important innovation goals rated by the respondents (Fig. 1). Moreover, from Fig. 3, we see that competitiveness, as well as budgetary pressure, is one of the less important external innovation supporting factors in public sector services. However, one should be careful in making simple conclusions. For example, from Fig. 5, we see that, as a direct hampering factor, lack of finance is one of the most important.

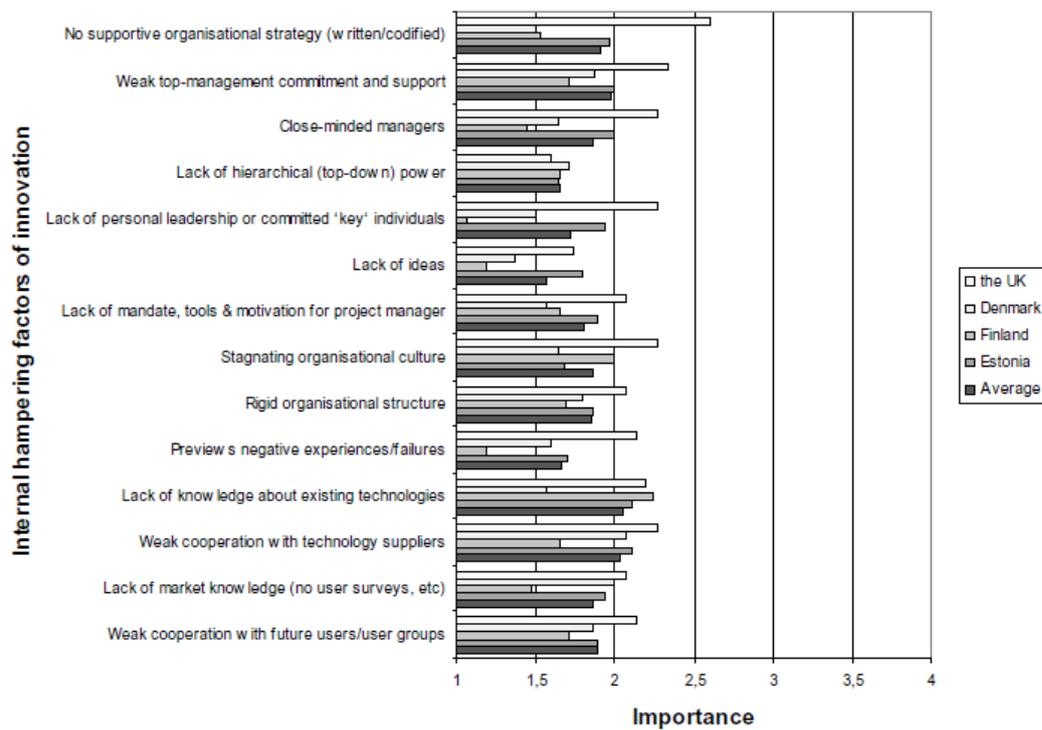


Fig. 4. Internal hampering factors of innovation in public sector services.

#### 5.4.2. PM2

Innovation goals in the public sector are polarized: rejected. Despite the responding organisations having many different innovation goals, the major ones emerge clearly: improvements in service quality, going online, responding to user needs, and improving the take-up of the service (see Fig. 1).

#### 5.4.3. PM3

Innovation goals in the public sector are technically achieved (i.e. technologically innovative service exists), but the ways in which they are “successful” are below initial expectations (rated as average or poor): rejected. Most of the respondents do track the performance of their service (only 14% do not, see Table 5). Across countries, the innovation results are mostly rated as good (60%) or excellent (30%). The UK has the most and Estonia the least optimistic organisations in terms of evaluating their public service innovation results, see Table 6.

#### 5.4.4. PM4

Innovation supporters in the public sector can be equally internal to the organisation and external: rejected. Internal supporting factors (Fig. 2) tend to be more important than the external ones (Fig. 3),

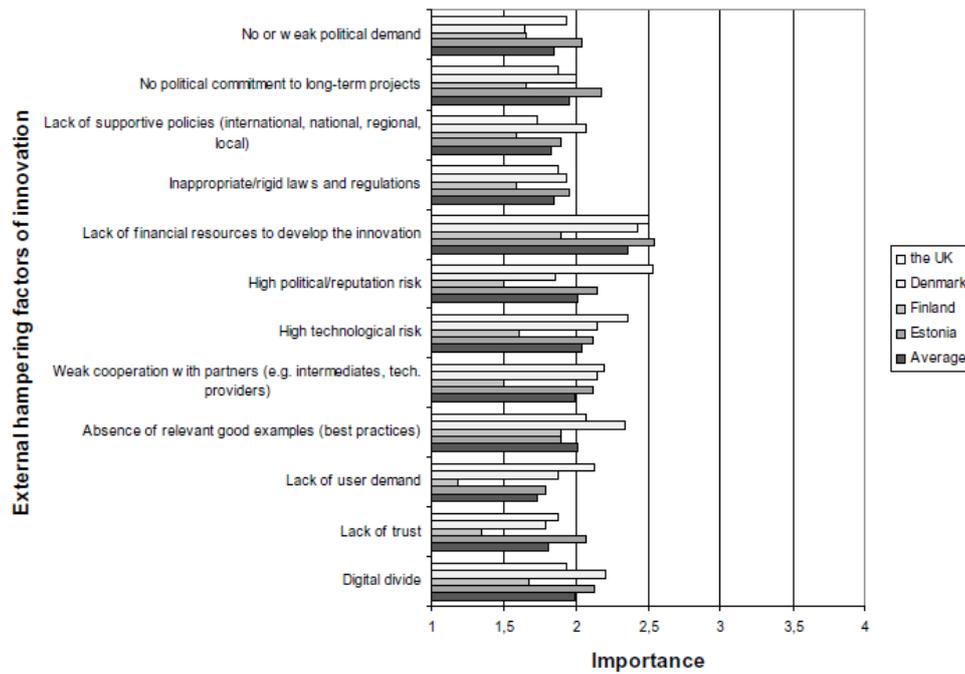


Fig. 5. External factors hampering innovation in public sector services.

i.e. organisational issues are more important when it comes to the innovation process. The difference is statistically significant – on average, the internal supporting factors (Q D1 mean of means 2.95) were significantly (0.000) more important than the external (Q D2 mean of means 2.58).

#### 5.4.5. PM5

Innovation barriers in the public sector are predominantly internal to the organisation: rejected. Our research showed that innovation barriers in the public sector are relatively equally internal to the organisation (Fig. 5) and external (Fig. 5). Indeed, reversing the proposition, the difference to the external hampering factors is statistically significant – the internal hampering factors (Q E1 mean of means 1.85) were significantly (0.008) less important than the external (Q E2 mean of means 1.96).

#### 5.4.6. PM6

Personal leadership (i.e. existence of committed ‘key’ individuals) is the internally dominating factor supporting innovation in public sector services: accepted. Across countries, personal leadership or the existence of ‘key’ individuals was the most important internal factor supporting innovation (see Fig. 2); this was followed by top management commitment and support, and open-minded managers. From a country perspective, only the UK did not have this as the most important factor; supportive organisational structure, top-management commitment and support, and close cooperation with technology suppliers were more important there.

## 6. Conclusions

The purpose of the present article was to present the first empirically grounded results of the experimental survey of public service innovations in four countries: the UK, Denmark, Finland and Estonia [24]. The article looked at the survey results from two theoretical perspectives – the learning dimension and managerial dimension. The propositions were developed, elaborated and answered in this theoretical frame.

From the *learning perspective*, the article has shown that technological innovation in public sector services requires a broad range of managerial and organisational improvements, and that external learning

and consultation plays a positive role in successful public service innovations. However the latter was heavily skewed towards one type of knowledge – 81% of public organisations obtained external technological advice/support to innovate; this was followed by project management skills and advice. Innovation-related learning in public sector services is seen to be cumulative – it can result from the previous positive and negative experience, internally and externally. Organisations were slightly more likely to learn from others than from their own previous experience; they also learned more from positive than negative experience. As much as 53% of organisations had previous positive experience with similar innovations – from 46% in Estonia to 65% in Denmark.

From the *managerial perspective*, factors (including goals) influencing the innovation process in public sector services differ to some extent from those known from the private sector. Competitiveness and service cost, which are important innovation drivers in the private sector, were both among the least important innovation goals rated by the respondents. Moreover, competitiveness together with the budgetary pressure were among the less important external innovation supporting factors in public sector services. Innovation goals in the public sector were not too polarized – despite the responding organisations having many different innovation goals, the major ones emerge clearly: improvements in service quality, going online, responding to user needs, and improving the take-up of the service. Most of the public service organisations in the survey do track the performance of their services; and compared to their initial expectations, the innovation results are mostly rated as good (60%) or excellent (30%). The UK organisations are the most and Estonian the least optimistic in this respect. The internal supporting factors are statistically significantly more important for the innovation process in public services than the external factors. At the same time, the external innovation hampering factors are statistically significantly greater in importance than the internal hampering factors. Across the countries, the personal leadership or the existence of committed ‘key’ individuals was the most important internal factor supporting innovation in public sector services; this was followed by top management commitment and support, and open-minded managers.

This article has shown that, in one way or another, country-specific differences are influencing the innovation process in the public sector services. For example, bigger country size of *the UK* leads to a larger and more complicated institutional set-up and services, which makes the innovation process more costly and, therefore, riskier. Risks can be allocated and confidence gained through the political demand and commitment to long-term major projects, strong top-management commitment and support, close cooperation with technology suppliers and future users, as well as just through better market (demand) knowledge, which all are relatively more important in the UK than in other countries. More important hampering factors in the UK are the lack of supportive strategy, stagnating organisational culture, rigid structures, and the existence of previous failures – all common issues to bigger countries. Moreover, even if not important in absolute terms, gaining social and political popularity as a goal of innovation was assessed slightly more important in the UK than in other countries.

Smaller countries, on the other hand, have other issues dominating in the public service innovation process. *In Denmark*, transparency issues are rated more important than in other countries. Danish innovators are facing relatively less internal hampering factors while innovating than their colleagues in other countries. At the same time, external hampering factors such as the lack of supportive policies, absence of relevant good examples and digital divide are relatively more important in Denmark than in other countries. Danish innovators are overemphasising (compared to other countries) the importance of different internal supporting factors, such as open-minded managers, the existence of personal leadership and committed ‘key’ individuals, as well as flexible organisational structure together with the learning capabilities of the organisation. The Danish pattern might be explained by the fact that a big part of the

public sector innovation experiments in the survey were carried out on an *ad hoc* basis under a bigger project supporting regional innovation projects in Northern Jutland.

*In Finland*, public service innovation goals tend to be relatively user-oriented. Also, internal supporting factors, such as supportive organisational strategy and innovation accepting organisational culture, are relatively more important in Finland. The importance of external issues, such as appropriate laws and regulations, the existence of good examples, good cooperation with partners (incl. technology providers), and user demand together with trust, are signs of a more systematic work and relatively higher sophistication of public service innovation process in Finland. Stronger external commitment to public service innovation is indicated also by the fact that the importance of none of the external hampering factors is dominating over the ones of other countries in Finland.

*In Estonia*, the public service innovation goals tend to be more advanced than in other countries, as they are more focused on the issues related to the raised service diversity (incl. personalised services) and reduced time spent on service delivery (incl. waiting time). External factors, such as supportive policies, appropriate laws and regulations, competition, and technology push, are also relatively more important in Estonia than in other countries. From another side, no or weak political demand, no political commitment to long-term major projects, inappropriate laws and regulations, lack of financial resources, lack of trust and digital divide are relatively more important external hampering factors in Estonia compared to other countries. Internally, good knowledge of the existing technologies is relatively more supporting, and lack of ideas more hampering the innovation process. The relative advancement of the Estonian public service innovation process can be explained by the small size of the country, as projects are smaller and, therefore, less risky to carry out. Also, relatively smaller national wealth (i.e. resources available) together with the advanced infrastructure (telecommunication, electronic banking, ID card, digital signature, etc.) motivates producing creative technological solutions to traditional problems. Relatively young socio-economic structure might also be less reluctant to the new ideas compared to the countries with long traditions and historical habits of doing things.

### *6.1. Suggestions for future research*

The paper has used mainly descriptive statistics. However, the rich empirical data we have collected allows us to prepare further, more complicated statistical exercises, heading towards the ultimate goal behind the survey – to move closer towards a theory of innovation in public sector services. For that purpose, one might carry out some factor analyses to identify group performances within the detailed list of different factors influencing the innovation process in public sector services. This exercise would allow later uni- or multivariate analyses to discover any country, field of public service or innovation-type specific determinants of the innovation process in public sector services, as well as to draw an empirically grounded picture of the public service innovation system.

## Annexes

**Annex I: Distribution of responses between fields of public services**

Field of public service	Areas that the field includes	Number of cases	%
Social services	Social (including pensions), health and employment related services, portals, web-based databases	16	13
Education services	Directly education related services (including online application solutions and portals, learning databases, distance and disabled learning)	9	7
Knowledge services	General knowledge services for citizens, businesses, civil servants and other groups (legal advice and databases, counselling, web-based archives, libraries, research databases)	17	14
Logistical and environmental services	Logistical and transport, environmental and housing related services (incl. journey planning, vehicles registration, driving licence, weather prediction, traffic safety, parking, public transport, land information and environment related services, portals and web-based databases)	16	13
Business services	Taxation, customs, statistics, procurement, business and securities registry related services (all for business and/or private persons)	11	9
Personal ID services	Personal passport, ID card and address (and other personal data) related services, applications and registry changes, and related portals	10	8
General administration portals	General administration portals, organisational web pages, other services infrastructures and different public information and/or service gateways (for local and international audience)	15	12
eDemocracy services	eDemocracy, citizen participation and public relations related services (incl. public debate environments, influencing guides, crime reporting solutions, voting and election systems)	6	5
Total		81	100

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# China's CSR Expectations Mature

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**Abstract:** Corporate social responsibility (CSR) is not just a concern of developed nations and the companies formed or operating within them. It has become an important issue in other countries, including China. CSR is sometimes defined as the notion that companies should be responsible for the effects of their operations on stakeholders—those involved in, affected by, or interested in their operations. CSR programs encompass not only a company's standards and systems for the range of legal, social, environmental, ethical, governance, and human rights issues it must address but also extend to its relationships with, and conditions within, its supply chain. For example, in the supply chain context, issues assessed in inspections that evaluate suppliers' respect for CSR standards range from basic legal compliance in areas such as labor and employment, workplace and product safety, customs and trade, and environmental protection to human rights impacts and the scope of community engagement.

Recent events in China's dairy industry have underscored the importance of implementing CSR and compliance programs throughout an industry. To prevent the recurrence of such events, China's dairy industry should consider implementing practices used in other sectors, such as third-party supply chain inspections, CSR programs and policies, reports that follow formal CSR "guidelines," and engagement with stakeholders. All or some of these elements may be essential for businesses in the dairy sector to rebound, rehabilitate their brands, regain consumer trust, and compete successfully against their non-Chinese competitors.

## China's CSR push

PRC President Hu Jintao in November 2007 exhorted China's leaders to uphold a "scientific outlook on social development"—an approach that includes encouraging businesses to emphasize sustainable development, put people first, and look beyond short-term profits. In January 2007, the National People's Congress Standing Committee Vice Chair Cheng Siwei announced that anyone who believes that "money overrides morality can no longer be tolerated in China." Cheng noted that PRC companies must not pursue profits at the expense of upholding social responsibilities. Irresponsible corporate practices, he said, were preventing PRC businesses' overseas expansion and inhibiting PRC economic growth.

Viewed collectively, several governmental and private CSR initiatives in China may be seen as part of an effort to enhance Chinese companies' ability to compete effectively in the global marketplace and protect the growing value of their brands. The Shenzhen Stock Exchange (SSE), Shanghai Stock Exchange (Shanghai Exchange), the China Banking Regulatory Commission (CBRC), State Assets Supervision and Administration Commission (SASAC), and China National Textile and Apparel Council (CNTAC) have formulated guidelines that emphasize the importance—and, in some cases, require the incorporation—of CSR standards and principles in Chinese businesses' plans.

## Stock exchange involvement

The SSE and the Shanghai Exchange have each taken several steps to underscore the importance of CSR. A key distinction, however, between the SSE and Shanghai guidelines is that the SSE guidelines encourage businesses to conduct themselves in accordance with the recommended principles, while parts of the Shanghai guidelines appear to require compliance.

## Shenzhen Stock Exchange

In 2006, the SSE issued the CSR Guidelines for Listed Companies (SSE guidelines), which instruct SSE-listed companies to assume responsibility for social development; protect the natural environment and other resources; and commit to advancing the interests of shareholders, creditors, employees, customers, consumers, and others involved with their business. The SSE guidelines also encourage companies to regularly evaluate, and issue voluntary disclosures about, their performance.

Consistent with Hu Jintao's call for "scientific development," the SSE guidelines' goal is to implement a "scientific outlook on social development." The guidelines also encourage listed companies to take responsibility for their suppliers, customers, and consumers. For example, if a company's commodity is found to be unsafe, the company should report the defect to the authorities and make a public announcement.

Articles 27 through 31 of the SSE guidelines outline the environmental protection policies and sustainable development procedures that the SSE encourages companies to follow. Under the guidelines, human resources should be dedicated to the establishment, implementation, maintenance, and improvement of the environmental protection system. The guidelines instruct companies to use resources with the lowest discharge of pollutants. If the discharge exceeds national or regional standards, companies should file reports on pollutant discharges with the proper authorities and pay a fine. Articles 32 through 34 of the SSE guidelines discuss the importance of social welfare services and encourage business units to designate personnel to develop and sustain strong company-community relationships. Such goals can be achieved through community-based programs that target poverty relief, education, and community development.

### Quick Glance

- China's stock exchanges, government agencies, and nongovernmental organizations are encouraging businesses to implement corporate social responsibility (CSR) programs.
- Recent guidelines create incentives for improving CSR.
- Failure to abide by some CSR standards may result in fines and punishments.

## Shanghai Stock Exchange

The Shanghai Exchange in May 2008 issued a Notice on Strengthening Listed Companies' Assumption of Social Responsibility (Shanghai CSR Notice) and the Guidelines on Listed Companies' Environmental Information Disclosure (Shanghai Environmental Disclosure Guidelines). According to the two documents, Shanghai Exchange-listed companies should fulfill social responsibilities, address interests of stakeholders, and commit themselves to promoting sustainable economic and social development.

The Shanghai Exchange appears to consider its listed companies pillars of the national economy and encourages them to assume a leadership role in promoting sustainable development. For listed companies that promote CSR, the Shanghai Exchange sometimes offers incentives such as priority election into the Shanghai Corporate Governance Sector, which may benefit a company's public image, or simplified requirements for examination and verification of temporary announcements.

The Shanghai notice encourages all listed companies to enhance their own CSR awareness and develop a strategic CSR plan for their operations. Listed companies may disclose the goals and achievements of their CSR activities and annual social responsibility reports through announcements posted temporarily on the SSE website. Such disclosures are efforts by corporations to be transparent and to engage their stakeholders. On the other hand, in the absence of a well-designed CSR program, the process of gathering information on and disclosing CSR activities can be risky and lead to stakeholder criticism, receipt of shareholder resolutions, or even investigations and litigation.

Critics of CSR efforts sometimes argue that it is difficult to measure their value to companies that engage in them. The Shanghai Exchange's response to this was to develop the concept of social contribution value per share (SCVPS)—a new method of measuring companies' value creation. SCVPS is calculated by adding the tax revenues paid to the state, salaries paid to employees, loan interest paid to creditors (including banks), and donations to—and other value for—stakeholders, minus any social costs that arise from environmental pollution and other negative factors. The Shanghai Exchange believes that SCVPS will allow the public to understand the value companies create for their shareholders, employees, customers, creditors, communities, and society as a whole. Companies may choose to disclose their SCVPS calculation in their annual CSR reports. The extent to which the SCVPS will meet stakeholder needs remains to be seen.

Whether encouraging companies to perform CSR activities is sufficient to motivate socially responsible corporate behavior is the subject of debate. The Shanghai Environmental Disclosure Guidelines indicate that the Shanghai Exchange may “adopt necessary punishment measures” against companies and relevant personnel for violations of the disclosure rules and regulations. They do not, however, define “necessary punishment measures.” It is therefore unclear what sanctions or fines will be imposed for violations.

### **Government entity involvement**

State Assets Supervision and Administration Commission PRC government entities have also adopted CSR guidelines. SASAC has implemented guidelines for state-owned enterprises (SOEs) that encourage SOEs to take responsibility for stakeholders and the environment in addition to turning a profit. SASAC indicates that SOEs, as key players in the PRC economy, influence important industrial sectors and people's lives. Therefore, CSR is not only the mission of SOEs, but a public expectation.

Moreover, because the global economy emphasizes the importance of CSR, it has become a key component in assessing companies' value. SASAC wants to develop SOEs into modern corporate institutions with the competitive advantages offered by effective CSR programs. The key components for CSR implementation under SASAC's guidelines are:

- Ensuring legal compliance;
- Continuously improving profitability;
- Improving product and service quality;
- Saving energy and protecting the environment;
- Encouraging self-innovation and technological development;
- Protecting labor rights and the interests of workers; and Engaging in philanthropic activity.

SASAC believes that enterprises that engage in CSR will increase their creativity, add value to their brands and images, and improve their employees' qualifications.

SASAC's CSR guidelines call on Chinese enterprises to project a responsible public image and encourage their employees to volunteer and participate in community and social welfare programs. SASAC appears to believe that incorporating a strong CSR mentality into SOE operations will also help promote environmental protection, economic development, and a socially responsible corporate culture.

To address transparency and stakeholder engagement issues, SASAC asks SOEs with CSR-program experience to report their activities and provide regular updates and information about their CSR and sustainable development programs and plans. SOEs should also publicize and report CSR-related information to stakeholders and society in general.

Finally, SASAC encourages SOEs to exchange their ideas on and commitments to CSR with other companies in China and abroad. In theory, increased inter-company dialogue and communication may strengthen CSR in China and other countries because companies can use each other's ideas as benchmarks against which they may evaluate their own CSR efforts.

### **China Banking Regulatory Commission**

CBRC's priority is to protect the interests of depositors and financial services consumers. It calls on all banking institutions to assume social responsibilities through various means. CBRC's CSR-related responsibilities fall into four specific categories:

Providing education to financial consumers CBRC in 2007 opened China's first Public Education Service Center, an organization that answers questions about financial products and services and offers educational materials about financial matters.

Spreading financial knowledge to rural areas CBRC organized young volunteers to educate farmers and other rural residents about their financial options. More than 1,000 lectures were held for 2 million farmers from nearly 300,000 rural households. CBRC also challenged other financial institutions to develop more financial products for the rural sector.

Supporting the development of poor areas and charities within those areas CBRC in 2007 donated money to needy students and families, schools in poor areas, and environmental protection causes. In October 2007, CBRC staff visited rural areas and donated computers and stationery to needy school children in Hebei.

Urging banking institutions to fulfill social responsibilities CBRC has urged banks to protect shareholder interests by making voluntary changes to policies and operations. In November 2007, it released Recommendations on Strengthening Large Commercial Banks' Social Responsibilities, which require large banks to comply with the 10 basic principles of the United Nations' Global Compact, which focuses on human rights, labor, the environment, anticorruption, and other issues. In addition, CBRC's Shanghai office requires banks incorporated in Shanghai to submit the previous year's annual report on CSR by the end of each June. Major Chinese banks with significant CSR initiatives have established departments to oversee those initiatives. Commercial banks have begun to incorporate CSR standards into their daily business policies and procedures, including in the evaluation and extension of credit.

In an effort to develop environmentally friendly policies, CBRC issued Guidelines on Energy Saving and Emissions Reduction, which urge banks to combine credit-structure adjustments with national economic structure adjustments. This allows banks to contribute to energy conservation, emissions reduction, and environmental protection efforts. In 2007, CBRC also required the State Environmental Protection Administration (the Ministry of Environmental Protection's predecessor) to

pass on details of corporate environmental law violators to China's central bank, which blocked or withdrew loans to a dozen such companies.

The new Green Banking Innovation Award gives banks another reason to implement CSR. The award recognizes success in improving resource efficiency, encouraging employees to participate in environmental activities, minimizing environmental impact through financing activities, exploring new opportunities for environmental improvement-related business, and implementing sustainable finance. In July 2008, Yu Xiaogang, director of the nongovernmental organization (NGO) Green Watershed, presented the first award to China Industrial Bank Co. Ltd. Eight NGOs voted on this award to encourage banks to engage in CSR. Banks seriously interested in competing for the award by having effective practices will likely reduce their energy expenses—an extra bottom line reward.

### **NGO involvement: China**

National Textile and Apparel Council (CNTAC), first established by the Responsible Supply China Association in 2005 to promote CSR practices in the industry, holds an annual conference on CSR to highlight certain companies' CSR efforts. Its standards for social compliance provide guidelines and a framework to help companies comply with laws, regulations, conventions, standards, and practices. CNTAC selected 10 companies within the industry and monitored their CSR implementation. Its goal was to help PRC factories improve CSR performance and develop a competitive edge in the global marketplace. In May 2007, it selected 100 companies in 10 different textile clusters to establish a CSR management system that provides CSR training to small and medium-sized companies.

CNTAC also seeks to create an independent, credible, and transparent system to monitor CSR implementation. More recently, in June 2008, CNTAC issued PRC Textile and Apparel Industrial CSR Reporting Guidelines, which encourage companies to comply with voluntary CSR rules.

Over time, the global focus of CSR has shifted from the content of the standards that are applied to whether inform CSR in China. Though CSR initiatives are new in China, the idea of strengthening Chinese businesses, borders, and national pride has been important throughout Chinese history. The following Chinese story is a useful way of viewing CSR:

A shepherd woke one morning to find a sheep missing from a fenced-in pen. When he looked at the pen, the shepherd saw a hole in the fence. The shepherd's friends told him that he should immediately fix the hole to prevent future losses. But the shepherd thought there was no point in fixing the hole because the sheep was already gone. Another day passed, and another sheep was missing. The shepherd then realized that he must fix the fence.

Simply put, the lesson of the story is: "even if you have lost some sheep, it's never too late to mend the fence." CSR programs may be analogized to a "fence" that safeguards a company's core assets and helps to create long-term sustainable growth.

CSR can be seen as combining important standards with compliance assessments to protect a company's value, and to sustain its (and its stakeholders') development.

Conversely, failing to adopt appropriate CSR standards, conduct compliance assessments, or remediate instances of noncompliance can, over time, amount to continuous and sometimes irreversible losses through the "hole in the fence." Simply having good CSR standards is insufficient to accomplish the purposes for which they were adopted. Companies must take the time and effort to implement standards and policies and manage related data to achieve their CSR goals.

Ultimately, in light of the various new regulations and economic considerations detailed above, the question for companies in China is not whether CSR issues need to be addressed, but how to address them in the most effective way. In the Chinese dairy context, recalls of Chinese products may have

widened the “hole in the fence,” allowing greater market penetration by non-Chinese competitors that may have more extensive CSR and supply chain compliance programs.

CSR programs need to be expertly constructed with regard to real world conditions and related legal and reputational risks, diligently implemented, and frequently adjusted to account for emerging trends and changing conditions.

CSR disclosures must also be carefully considered and vetted. Effective CSR programs enable companies to protect their brands, to successfully compete against their global competitors, and to address important concerns of their employees, customers, investors, and other stakeholders. Information gathered from compliance assessments is used effectively and building CSR compliance capacity within firms. In July 2008, CNTAC’s annual CSR report indicated that companies faced challenges in keeping employees’ work hours within legal limits, maintaining proper employment records for workers, reducing waste emissions and water consumption, and bolstering water recycling efforts.

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# **An Exogenous Path of Development: Explaining the Rise of Corporate Social Responsibility in China**

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**ABSTRACT:** Although the notion of Corporate Social Responsibility (CSR) has been largely Western driven, it has now also entered the popular discourse in many non-western countries. In dissimilar social settings, the driving force of CSR development differs between its western origins and its non-western adaptors, and this influences the process of adopting CSR-related ideas and practice in dissimilar socio-political settings. This study examines the driving force behind the growing popularity of CSR in China, and how such forces have influenced the nature and evolution of the CSR discourse in the country. The Chinese experience helps illustrate how international influence has influenced the exogenous path of CSR development in China, which in turn has influenced the state's policymaking processes and academic scholarship on the topic. This study critically examines the particular features of CSR development in China and critically examines the root causes of this development by investigating a number of interrelated factors.

**Keywords:** CSR, political commitment, corporate culture, social innovation, China

## **INTRODUCTION**

The Corporate Social Responsibility (CSR) agenda, which was developed and consolidated in the West, became particularly influential as the basis for business ethics and company morale at the start of the new Millennium. And it is now estimated that almost 90 per cent of the top 500 companies in the world ranked by *Fortune Magazine* have explicit CSR initiatives, while more than half of these companies publish regular annual CSR reports (Homburg, Stierl and Bornemann, 2013). The main reason for this growth in interest in CSR has been the nature of the global market, which now actively encourages firms to promote CSR in their activities and operations. Despite its Western origins, the CSR agenda has also increasingly gained acceptance in developing countries, including CSR where it first entered the popular discourse in the 1990s. The CSR idea has subsequently received considerable attention among both business leaders as well as political authorities in the country. For instance, with the growing popularity of CSR, many Chinese companies and enterprises gradually began to change their conventional behavior and adopted a set of new goals intended to give something back to society.

The discourse on the need for CSR has often highlighted the role of the global market as the driving force behind the evolution and development of the concept. As some scholars have observed, overall CSR score is positively associated with firms' credit ratings (Jiraporn *et al*, 2014). Several studies have therefore assumed that commercial interests and market demand are strong forces that push companies to implement CSR in the global market (Belu & Manescu, 2013). For example, Aguilera *et al* (2007) defined CSR as a firm's voluntary consideration of stakeholder concerns, both within and outside its business operations, and Baron (2001) referred to this notion as a 'profit-maximizing corporate strategy' that can be viewed as socially responsible. Thus, some studies have revealed a significant relationship between CSR performance and corporate financial performance, although the reasons behind these positive relationships remain unclear (Blacconiere and Northcut, 1997; Belu & Manescu, 2013).

When driven by market need, CSR development can be regarded as taking the 'endogenous' path, which arises from the internal need of the firms themselves. Companies perform their CSR duty to fulfill their social obligations and to enhance their reputation, as well as for the functional need to extend their market reach. Viewed in this manner, CSR strategies are emphasized as an obligation placed on firms by

society, and is largely the result of a company's intentions and incentives. For example, the supply chain approach views CSR as primarily an instrument of management in the labor and commercial markets (Wolska, 2013). The adoption of CSR for utilitarian purpose of marketing, and reputation among customers and potential customers, is often used to study firms' management in the global market. This formulates the driving force of CSR development in an endogenous manner, and some studies have demonstrated the positive impact made by CSR on regulating the market and firm behavior.

In the exogenous path of CSR development, the focus is not narrowly on the factor of market demand, but extends to the factors of the international pressure and the demands of companies with social needs and requests. In contrast to the primarily 'bottom-up' approach of the endogenous path of market evolution, the exogenous path is mainly 'top-down' and strongly dependent on socio-political factors. Such an understanding requires an interpretation of CSR that extends beyond the limits of the market, as the logic of CSR is crucially based on a relationship between market and society. Thus, while some commentators highlight the CSR actions of profits-makers supplying products or services, others are concerned with social relations and the rights of the world's socially and environmentally conscious citizens (Taiwo, Muritala & Rahmon, 2014; Ihlen, Bartlett & May, 2011). We believe there is an urgent need to specifically examine the roles of non-market agents (e.g. the state and intellectuals) as well as civil society agents, such as environmental groups.

In order to study the roles of these socio-political factors in contributing to CSR development, we did not rely on a supply chain analysis; rather, we focused on specific actors and combined this with institutional analysis in order to study the roles of various agents that promote the idea of CSR in China. This allows for a broad discussion of the social responsibilities of firms and removes CSR issues purely from market values. Carroll and Buchholtz (2002) argued that CSR should be understood in relation to economic, legal, ethical and philanthropic obligations that firms should fulfill. However, we argue that in many developing countries, market power is entrenched in the political and social structure to a larger extent than it is in the West. Thus, the political and ideological demand for developing CSR may be stronger than the market driver.

We hence use China as an illustrative example of the exogenous path of CSR development. China has a long history of firms protecting labor rights and looking after the welfare of their employees. This was particularly the case for state-owned enterprises (SOEs) that, since their inception in the 1950s, have taken upon themselves a type of moral obligation to secure the general economic and social welfare of their employees (Li, 2007). Nevertheless, the idea of CSR as we currently know it has primarily been imported to China from the West. Since the early 2000s, the CSR notion had begun to gain popularity, not only due to the functional need of the steadily expanding Chinese economy, but also because of the demands of state promotion and international politics with regard to labor rights, and the negotiations that allowed China's entry in the World Trade Organization (WTO). Thus, in this study, we adopt an understanding of CSR that entails a more 'open' model of corporate governance that goes beyond the traditional shareholder-manager dichotomy (Filatotchev & Nakajima, 2014), and examine specific features of CSR development in China

## **1. THE DRIVING FORCE FOR CSR FROM EXOGENOUS FACTORS**

### *CSR as a response to international demands*

Since the 1960s, China has been developing a system of SOEs guided by the principles of a planned economy. Although this system cultivates a strong morale of corporate collectivism and the institutionalization of company welfare, the collective notion differ from the CSR notion that has been

imported from the West. The transfer of Western perceptions of CSR and influences to China – particularly in relation to human rights and environmental protection (Carroll, 1991) – can be traced back to the end of the 1990s, when China interested into negotiations for its entry into the WTO. During this process, the issue of labor standards was particularly contentious, and many developed countries began exerting pressure on Chinese enterprises to undertake greater commitment to CSR principles (Yin & Zhang, 2012). Following these debates, Chinese authorities began expressing even stronger commitment towards adopting CSR within China.

It is thus clear that the spread of CSR in China was not mainly due to internal demand arising out of the needs of the domestic market, but rather on account of international pressures. The initial adopters of CSR in the country were foreign companies, including joint ventures; for example in 2002, Asahi Breweries Ltd published the first CSR-related report in China, and several Japanese and American-owned enterprises followed suit. However, CSR spread very slowly in China in the first half of the new century (Chen et al, 2009) as the idea was mainly anchored at the individual company level and did not translate into concrete actions at societal and community levels. Starting in 2006, however, the idea began to expand fast as a large number of international companies began their operations in China, and the pressure to conform to global norms increased CSR awareness among Chinese leaders and policymakers (Fang, 2010).

The adoption of two international standards – SA8000 (launched by Social Accountability International) and ISO26000 (launched by the International Organization for Standardization) – was also crucial for the adoption of CSR in China. Formulated in 2001, SA8000 is one of the world's first auditable social certification standards for decent workplaces and applies to all industrial sectors. For Chinese enterprises, SA8000 has been particularly influential in improving management systems, working conditions and labor rights. Evidence of this can be found in the 'Social Responsibility System of China's Textile Enterprises' produced by the China National Textile and Apparel Council in 2005, and subsequently applied to the textile sector nationwide (CCPIT, 2005). Although some scholars (Qu, 2004; Jiang & Ma, 2006) argue that implementation of SA8000 results in trade barriers for Chinese products, the majority of studies on the topic show that the adoption of SA8000 has played an important role in helping formulate key Chinese regulations on labor standards, fine-tuning existing regulations on labor rights, and helping to cultivate a more pro-labor attitude among employers (Chen, 2011).

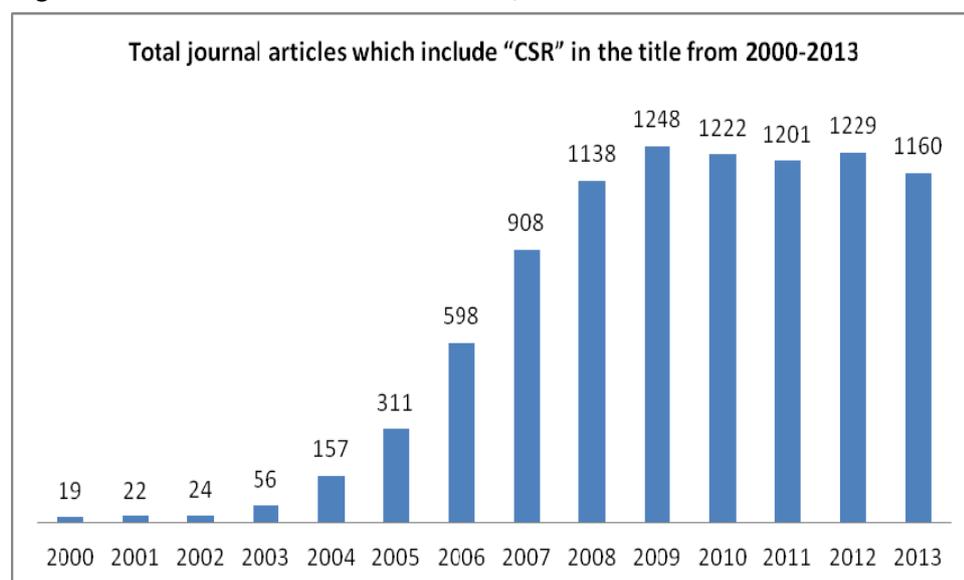
The international ISO26000 standard, which was enacted in November 2010, aims at promoting global sustainable development. With this standard, socially responsible behavior of organizations is advocated through the following of seven key principles: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and respect for human rights (Dickson & Littrell, 1996). In China, these rules strengthen people's (and organizations') concerns regarding many crucial aspects of CSR, including corporate governance, human rights, labor practices, working environment, fair operating practices, consumer issues and community involvement and development (Chen, 2011). Adoption of these guidelines in China has had largely positive impacts on workers, the natural environment and local communities. These international standards were helpful for the rapid spread of CSR and the adoption of comprehensive CSR strategies by individual firms within the country post 2006.

#### *Increased focus on CSR in academic discussions*

In the first decade of the 21<sup>st</sup> century, the interest of scholars attracted to CSR encouraged a growth in publications on the topic and facilitated a nuanced understanding of the origins and definitions of the concept in Western settings (see figure 1). This also paved the way for CSR to evolve into an

independent research field worthy of serious scholarly attention. However, between 2005 and 2009, there was a rapid growth of scholarly work on CSR that also examined the applicability, relevance and operationalization of the CSR agenda in Chinese settings. Moreover, academic research on the topic began increasingly highlighting the influence of the concept on management officials and corporate strategy that required practical innovation. Thus, almost 30 per cent of articles published during this period in the CNKI database focused on intra-firm issues, such as stockholder interests, accounting and auditing, operating management and competition strategy, while 20 per cent of articles explored the reasons behind successful CSR strategies undertaken by specific firms. These case studies therefore addressed the driving factors behind successful enterprises and the relative importance of their business models, including administrative routines and practices within firms.

Figure 1: Journal articles on CSR in China, 2000-2013



Source: CNKI database, [www.cnki.net](http://www.cnki.net)

Since 2011, CSR studies in China have begun emphasizing innovative practices at various levels of operations and explored the future of the concept in a rapidly changing society. Numerous studies have also been conducted on managerial and social innovation at the level of firms and local governments. Several studies have also highlighted ways to combine CSR with strategies for improving corporate image and corporate governance, while others have focused on self-innovation and efficient management for firms aiming to strengthen their CSR profiles (Yin & Zhang, 2012). Thus, we find that CSR studies in China have evolved from CSR as an imported concept to one where Chinese actors have embraced CSR. The themes of discussion have similarly moved from abstract concepts to general theories and the application of these theories to specific cases at regional and local levels.

The above discussion shows how the intellectual discourse has moved the CSR idea from an abstract notion to a more practical application. Although demand from the business circle remains weak, academic efforts have created a new morale of corporate culture that creates pressure on companies to adopt such ideas. In this regard, intellectual research cultivates a normative demand for companies to meet the CSR standard. It informs the practitioners and managers of the norms of CSR, its standards and its function, as well as some 'success stories' of CSR implementation. It also establishes guidelines of how CSR can be potentially applied by Chinese firms in the near future.

Over the years, the CSR ideal has become gradually integrated in the routine management and operation of Chinese enterprises. Rules governing social responsibility are not only gaining widespread support in Chinese society, but also attracting various social organizations (especially trade unions and associations) in a wide range of industries to play important roles in organizing CSR activities. Consequently, a number of professional associations are keen to promote the CSR agenda, for example, the Chinese Banking Industry Association, China Association of Automobile Manufacture, Chinese Manufacturing Enterprises Association, Chinese Electric Power Construction Association and China Cooperative Trade Enterprises Association. As a result of these efforts, annual CSR reporting mechanisms have been established in numerous large and medium enterprises, which in turn regularly publicize CSR-related activities and areas that require further improvement.

#### *CSR as an idea facilitated by political requests*

The growing popularity of CSR adoption in China has also benefited from political and administrative interest and commitment in protecting labor rights and promoting social peace. Initial state support for CSR was primarily aimed at managing labor relations. Consequently, a set of laws and regulations were implemented with a focus on protecting the interests of employees and improving working conditions. There is rising income inequality in China (Li & Banik, 2013), and the further consolidation of market power will inevitably increase the income gaps between rich and poor, and potentially further damage industrial relations and attempts at promoting class cohesion. Moreover, the growing confrontation in China between employers and employees further provides an opportunity for increased use of CSR in helping improve labor relations. It is precisely for such reasons that the Chinese state is willing to offer a strong endorsement for CSR. Such actions were possible as they were aligned closely with the government's explicit goal of creating a 'harmonious society'. These were a set of measures that were introduced in 2006 and entailed improvements in administrative and legal systems, protection of rights and interests of common citizens, narrowing of urban-rural inequalities, promoting the rule of law and pacifying the labor-capital relationship within enterprises. Thus, political and administrative leaders believed that encouraging the CSR agenda would make a positive impact on efforts to promote a harmonious society.

The earliest sign of state action in support of CSR idea appeared in 2005, when the National Textile and Apparel Council of China – in an effort to conform to export criteria – began to consider formulating guidelines of social responsibility for Chinese textile enterprises. The resulting Social Responsibility System of China's Textile Enterprises (CSC9000T) provides for a strengthening of labor rights, effective management systems and promotion of sustainable development. This is an example of a political-administrative guideline that transformed CSR from an abstract notion to a concrete practice. At around the same time, a revised Company Law came into force in 2006, and the legitimate basis of CSR was defined for the first time. As stated in Article 5 of Company Law, in the course of doing business, a company must subject itself to government and public supervision, and undertake social responsibility (Lin, 2010). Following this amendment, China's first CSR standard (The CSR Standards of the Chinese Firms [a draft]) was formulated, with inputs from a semi-official document issued by the Chinese Association of Enterprises for Reform and Development. The aim was to consolidate and strengthen CSR efforts, and such statements provided a boost for increased recognition of CSR within the country (Wang, 2008).

Thus, in the early stage of policy development aimed at promoting the idea of CSR, the main driving force was a top-down political-administrative approach that generated increased demand for CSR activities within the country. Market demand appeared to play a subservient role in this process, which

was highly influenced by state demand. However, although such an explanation implies that CSR was easily incorporated in policy agendas and legal documents, it also raises the question of state capacity to ensure adherence to legal requirements and political instructions.

We find that the idea of CSR has been adopted in numerous policy guidelines. For example, in 2007, the state-owned Assets Supervision and Administration Commission issued the ‘Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities’, which specifically laid down the guiding principle, overall requirement and basic outline of CSR in China (Sutherland & Whelan, 2009). As a result, the Shanghai Municipality Government coined the first CSR standards at the municipal level, while the first CSR seminar at local government level took place in Yantai. Furthermore, in 2011, the CSR idea was included in China’s ‘Twelfth Five-year Plan’, which highlights the strategic importance of CSR for China’s economic growth. On the basis of this view, the state-owned Assets Supervision and Administration Commission enacted the ‘Twelfth Five-Year Plan Harmony Strategic Implementing Outline of Central Enterprises’, which focuses on sustainable development and promotes the harmonious development of central enterprises *vis-à-vis* local society and the environment. And in 2013, the government made a decision requesting promotion of CSR as one of the important reform fields for SOEs in the immediate future.

Following the above developments, an increasing number of laws, regulations and provisions are being formulated and implemented by governments at the central, provincial and municipal levels, as well as some specific governmental agencies. An illustrative example is the stock exchanges in Shenzhen and Shanghai. The Shenzhen stock exchange issued a document in 2007 entitled ‘Social Responsibility Guidance of Listed Company’ (Shanghai Stock Exchange, 2008), and the Shanghai stock exchange similarly issued the ‘Environment Information Disclosing Guidance of Listed Companies’ in 2008 (Chen *et al*, 2009). Both of these documents highlighted the complex set of interests of all stakeholders that listed companies ought to strive to uphold, and encouraged companies to reflect on their commitments and responsibilities to the state, society and nature. These semi-official documents significantly broadened and promoted the idea of social responsibilities, with the requirement that these companies trading in this stock market must issue CSR reports (Sutherland & Whelan, 2009).

The above discussion shows that the Chinese state has extended considerable political support for the adoption of CSR through a set of decisions and actions, which conveyed the message that promoting CSR would be one of the most important areas of reform for SOEs. These actions provided the impetus to further expand the scope of the CSR agenda within China, and such insistence on upholding CSR standards encouraged many Chinese enterprises to make themselves more conscious of respecting labor rights and improving working conditions in the production process, as well as improving overall product quality. This gradual adoption of social responsibility values by organizations and enterprises is indicative of a period in which CSR has entered a mature and rapid growth period in China.

In order to further analyze the exogenous path of CSR development, we must also examine another side of this development – i.e. how companies in the public and private sectors responded to these demands, requests and guidelines by state actors.

## **2. CORPORATE ACTIONS AND MARKET REACTIONS**

The reaction of the business sector to the promotion of CSR by various political and administrative actors has been largely positive, as illustrated by the growing number of CSR reports that have been generated over the years. According to one available source – GoldenBee Research – Chinese firms published 6,759 CSR reports between 2001 and 2013 (see Table 2), amongst which only 25 were

published between 2001 and 2005. While the early reports focused on a limited set of topics, such as safe working conditions and environmental protection, subsequent reports contained more comprehensive surveys and addressed broader social issues. In other words, the past decade has been a learning process for firms on planning CSR-related activities and generating content for their periodic CSR reports. We also notice that a growing number of activities began to be perceived as areas that could potentially involve greater commitment by firms on their social responsibilities.

CSR practice (and reporting) was initially undertaken by large SOEs and/or foreign-invested companies with a presence in China. For example, the State Grid Corporation of China was the first to publish a CSR report in 2006, in which it highlighted its vision of corporate values and the interests of stakeholders (State Grid, 2006). In the following year, the China Huaneng Group issued the first annual sustainable development report that underscored the importance of CSR measures for safe working environments (China Huaneng, 2007). The China Construction Bank released its CSR report in 2006 with a comprehensive plan for its implementation, and in the same year (CCB, 2007), The China Ocean Shipping Group published the first sustainable development report by a Chinese firm in accordance with the G3 Guidelines.

A large number of the initially published annual CSR reports published in the 2001-2013 period (see figure 2) primarily involved SOEs; private sector firms were latecomers in this respect, and initially were not very motivated to produce such reports. However, once CSR became popular, the situation began to change, and starting in 2009, there was a noticeable increase in annual CSR reporting by firms representing a wide range of sectors and geographic locations across China. According to some studies, over 5,000 reports were published in China between 2011 and 2013, largely helped by the fact that various industrial associations began advocating a stronger focus on CSR. These reports also included those from middle- and small-sized enterprises. And in 2013, while SOEs accounted for 56.1 per cent of all CSR reports published, privately-owned enterprises (25.2 per cent) and foreign enterprises (8.9 per cent) were showing increasing interest (GoldenBee, 2013).

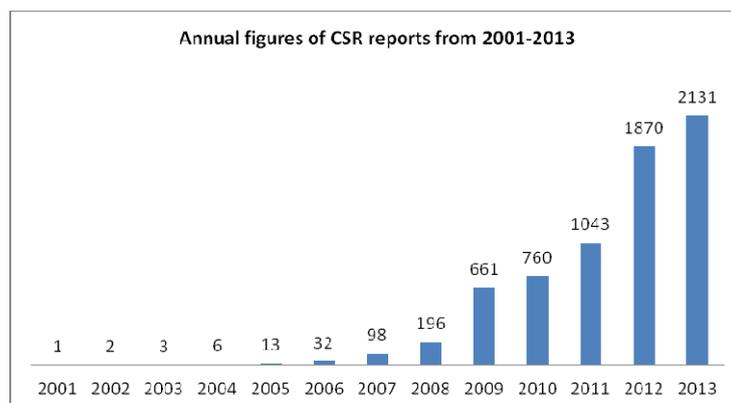


Figure 2: Annual CSR reports in China, 2001-2013 Source: CSR-China (2013)

Thus, the publication of CSR reports occurred only occasionally in the past, has now become a regular (annual) practice. This indicates that CSR has taken root in China, and has changed in nature from being largely a novelty initiative to becoming a more established phenomenon. The success of the idea-learning process adopted in the exogenous path was thus gradually localized and adapted to Chinese circumstances. Thus, the growing popularity of CSR has arisen not only from policymaking activities in political circles, but also from growing interest in business circles. Although different types of enterprise

have different attitudes to the need for CSR, we see evidence of the private sector playing a more significant role in promoting CSR activities.

#### *The success of the exogenous path*

One important reason for the success of the exogenous path of CSR adoption was that the demand of CSR from the market sector was not sufficiently strong. Initially, private sector firms publishing CSR reports were in a minority, despite a basic assumption that CSR could improve the relationship between the producers and customers in the market. For example, the view of supply chain theory is that the need to build a good reputation with customers and with the residents of local communities is the main reasons for firms to implement CSR. This perception constructs the essential basis for moving along the endogenous path of CSR development. The weak interest shown for CSR among private companies in the Chinese market meant that the profit-making activities for these firms did not greatly depend on their CSR status. Indeed, while the functional demand for CSR performance from the free market exists, it is limited in China. It is also important to examine how the CSR notion achieved growing acceptance in the private sector, as it would be reasonable to assume that without the support of private sector actors, the goal of promoting CSR in China would not have been very successful.

To address these issues, we must engage in an analysis of the features of the Chinese market system, in which the informal employment sector is very strong, while the power of the formal market is limited. Where the public sector is very strong, the state often intervenes in the market (as is the case in the West), resulting in a two-way effect. On the positive side, state intervention moderates the negative impact of a market operation that requires formal organization of the labor force. In this regard, CSR is an instrument to improve industrial relations, and in China, the pressure from this demand is less sensitive than in the industrial West. Although there are numerous and frequent cases of industrial conflict and dispute between employers and employees in China, the levels of organization are low on both sides, and many debates are informally conducted. A model of tripartism is encouraged by the state, but it is less functional in practice. Conversely, the authorities play the role of protectors of, or interveners in, the market operation. Since the pressure on class conflict is low, the pressure for companies to implement CSR is subsequently low. CSR performance is therefore very much dependent on the individual willingness of company leaders, rather than the institutional demand for system operation.

Despite the above constraints, many companies (even those that are privately-owned) retain an interest in CSR for other reasons, such as the creation of improved public relations with social agents and public organizations. For many private companies, adoption of CSR is undertaken mainly to improve business relationships with local public agents and/or governmental agents. As the Chinese market features a strong informal support network, many firms agree to the official requests to promote the idea of CSR as it helps in creating the informal relationships that are so crucial for the viability of businesses across China. Meanwhile, companies are also facing growing pressure from the public and mass media on a range of social issues, and this further compels them to adopt CSR. As a direct result of such pressure, particularly from the news media, there has been a perceivable improvement in the transparency of organizational management in recent years. Thus, for many companies, CSR implementation is a strategy for addressing public relations between them and local society; that is, they may accept CSR as a public relations instrument with which to respond to social pressure.

#### *The limits of the exogenous path*

The exogenous path of CSR development also has some limitations. One of the most serious problems is the ineffective implementation of state policies and guidelines at local levels. Most

CSR-related activities, including those related to crucial areas such as environmental protection are in reality implemented arbitrarily, i.e. only when individual companies choose to do so. The argument from private sector actors is that the demand for CSR implementation from the domestic market and from profit-making activities is relative low. In other words, there is inadequate social pressure within China to compel firms to adopt CSR, which in turn places a greater burden of responsibility on the Chinese government to not only introduce additional legislation, but also to ensure that instructions, guidelines and circulars issued by various levels of government are adhered to by the business community.

For example, the state-owned Assets Supervision and Administration Commission released detailed regulations in 2007 covering CSR activities for SOEs, which in turn spurred other organizations in China to formulate and undertake their own CSR-related activities. Trade unions and industrial associations are also increasingly advising firms to publish CSR profiles and practices, and this trend is being further supported by a growth in academic research on the topic. Consequently, CSR implementation remains a voluntary project that is subject to the will and interests of firms and their owners and managers. Although laws and regulations mean that many 'hard measures' are regularly applied and monitored to ensure CSR performance, the lack of 'soft-demand' for firms to implement CSR makes the use of these 'hard measures' ineffective.

The reconstruction of a corporate culture that embodies CSR is another important issue that requires additional attention in China. Although the idea of CSR is becoming popular, it has not been widely accepted by many managers and other stakeholders of business operations. Profit-maximization has been the dominant value pursued by businesses, and there is an urgent need to create greater awareness within the private sector, as well as members of the general public, of the foundational principles of CSR and the potential benefits that organizations and local society will accrue when it is mainstreamed in the daily operations of Chinese companies. This will require a movement away from a traditional management model based on collective spirit to a so-called enterprise citizens-based culture, and from a simple profit-maximization rationale to a greater emphasis on social responsibility.

Chinese corporate culture has traditionally exhibited a strong collective spirit. However, this spirit has been undermined in recent years with the growth of the market and increased competition in various sectors (Wang & Juslin, 2009). While the CSR model of corporate governance is built upon the principle of public citizenship, such spirit remains unpopular in business circles, where interpersonal dependence and informal relations are encouraged. Recent evidence shows that many small- and middle-sized firms are following the example of larger firms and publishing their own CSR reports. Thus, strengthening respect and support for CSR in China requires a change in traditional corporate culture, which has not always been in sync with citizens' rights and demands.

Moreover, CSR in China has been hindered by the presumed conflict between the goals of economic growth and social responsibility. In theory, both marketing needs and social demands can work together to push CSR adoption and implementation. However, in practice, the challenge relates to how capable firms are of meeting market and social demands, and how they can contribute to both economic and social development. In this context, we believe there is a greater need to demonstrate the success of firms that adopt CSR strategies and the benefits for and/or effects on those enterprises with improved CSR performance in Chinese society. Demonstrating the instrumental value of CSR activities will assume stronger importance in the near future as Chinese companies move towards synthesizing and strengthening operational management, accounting, audit, competition strategies, corporate culture and technological innovation (Moon & Shen, 2010).

Another factor that appears relevant in connection with further strengthening CSR in China relates to effective ways of removing the numerous barriers that prevent CSR adoption and localization. One

way of addressing this would be to merge the exogenous path with local demands and market operation needs. We have argued that the major driving forces for CSR in China are actually political and social in nature and the evolving relationship between economic organizations (i.e. enterprises, associations and organizations) and local, regional and national governments will therefore be crucial in the years ahead. At all levels, government policies must be coherent, implementable and in tune with the interests and needs of small, medium and large enterprises. In other words, a heavy top-down CSR policy will not succeed; there is a need to simplify bureaucratic procedures, while simultaneously catering for social, economic and environmental demands. Thus, great attention is required in assessing how the idea of CSR could contribute to both economic and social development. In other words, can CSR meet both market and social demands?

#### **4. CONCLUDING REMARKS: THE FUTURE OF CSR IN CHINA**

We have examined the dynamic force of CSR development in China, and have argued that its growing popularity can be attributed to a set of interrelated factors – primarily domestic political commitment, academic interest and international influence. We have also discussed how governmental and semi-governmental agencies have in the past promoted CSR in China by establishing guidelines to regulate firm behavior. Indeed, China provides an illustrative example of how market leaders and social actors are collaborating to promote public interest and social responsibility. It is also a good example of how the market situation and the social environment for conducting businesses change quite rapidly once a country has achieved an acceptable level of economic growth. We have argued that imported values and norms regarding CSR have a major impact on Chinese society.

The continued promotion of a CSR strategy implies an emphasis on the social responsibility of private firms acting in the market, and addressing labor relations as a matter of management of human resources. With these functional demands, CSR can be viewed as a tool with which to mediate between companies' commercial and public interests. The dynamics of the endogenous path come from the market itself, and the starting point is the internal need of the firms themselves for further development and increased profits. The exogenous path also refers to CSR development as being imported, and its original conditions as non-existent or weak. However, it differs from endogenous path in that it highlights the crucial role played by actors and factors outside the market system.

We argue that Carroll's influential approach does not explain the exogenous path. This does not, however, mean that the exogenous path is more preferable than the endogenous path or *vice versa*. Our study highlights the fact that in contrast to many Western settings, the Chinese discourse of CSR development has followed the exogenous path. The Chinese experience helps us to identify and assess the distinction between the endogenous and exogenous paths of development, and to consider the design of strategies of this development in a particular country, and also to reset the priority order of working tasks in the CSR agenda accordingly. It is clear that the growing acceptance of CSR in China cannot simply be explained in terms of the marketing incentives available for firms, but the larger political, intellectual and policymaking factors contributed by academics, media persons and policymakers.

We must also acknowledge that the endogenous and exogenous paths tend to influence each other. As we have discussed above, although CSR was an idea imported from abroad, non-market driving forces through an exogenous path of action primarily influenced the development and consolidation of CSR activities in China. However, we also find that in the late 2000s, the business sector increasingly recognized the potential benefits of adopting CSR, and it eventually became a part of corporate culture in Chinese firms. In such contexts, promoting CSR becomes imperative for enterprises, not just for

cultivating their public image, but also for their continued existence in business. Thus, the endogenous model can help us understand the nature of CSR and the experience of its evolution, which in turn helps us to gain more nuanced understandings of the relationship and power relations between different actors and institutions.

Still, there are a growing number of public-private partnerships whereby private businesses are collaborating with the Chinese state with the goal of improving overall CSR compliance and performance. As some have argued, while the primary incentive for such collaboration is seeking state support to improve business prospects, improved CSR concerns among Chinese firms is also the result of their responding to government advice. The primary strategy of CSR development in China has been to utilize state power to encourage CSR compliance through regulation, laws and guidelines, although the mass media and academic articles have also been important instruments. The pressure to conform to global norms increased CSR awareness among Chinese leaders and academics, which in turn was an important catalyst for the growth of the CSR agenda within China. This is typically the case of the early stage of development, when most factory managers and employers (except for those employed in foreign companies) were unfamiliar with CSR. Under such circumstances, the key issue has been finding ways to encourage and mobilize firms to adopt and implement CSR-related activities. For situations where the endogenous path offers the main explanation for adoption of a new idea, strengthening public support and encouraging an increased role for the state appear to be more crucial.

The Chinese case of CSR adoption appears to be a good example of governmental agents making sustained efforts to develop CSR. And the results so far have been encouraging in that soon after CSR received state support in the mid-2000s, numerous government agencies and organizations began expressing interest in the CSR agenda, including the Ministry of Commerce, the Ministry of Human Resources and Social Security, the All-China Federation of Trade Unions and the China Association of Enterprises. Subsequently, a growing number of top-down government policies and initiatives were formulated and implemented to strengthen the national and regional CSR agenda. Although the operation of a market system undermines the power of traditional Chinese SOEs, their substantial importance in promoting CSR cannot be overlooked. Another crucial group of actors have been local governments, which were very active in the initial stages of CSR evolution in the country and organized a range of events and activities demanding that all firms abide by existing laws.

Despite the above successes discussed above, many employers continue to view CSR as being expensive, and believe such activities will only serve to increase production costs and lower the competitiveness of their firms. Others believe that CSR activities ought to be primarily undertaken by large-scale enterprises and not by small- and middle-size firms, which they believe do not possess the capacity to perform such complex tasks and functions. Still others argue that CSR-related regulations are not yet well established in China, and that local governments do not actively monitor the CSR performance of firms. Although several broadly formulated regulations are meant (in principle) to guide firm behavior in relation to their social duties, regulations that govern conduct and respect for national and international standards are generally absent. Nonetheless, Chinese industrial practices that are increasingly aligned to international CSR standards are gradually encouraging other firms, who aim to become global actors, to catch up with CSR trends and practices. Although many CSR initiatives in China are highly rhetorical in nature – aimed at promoting business interests of owners and employers – there is growing evidence that the general public is increasingly positive towards firms that undertake CSR.

Our view is thus more optimistic in nature and we believe that CSR policies will continue to be promoted by the Chinese government, and that any future legislation introduced – including instructions,

guidelines and circulars issued by the central authorities – will continue to make important inroads towards mainstreaming the concept in Chinese society. Globalization will further boost CSR adoption in China, as the international experience shows that a rise in per capita income is closely related to the rise in CSR at national levels. It will be particularly interesting to follow the advocacy activities of large and medium SOEs on the one hand and civil society and non-government organizations on the other. Indeed, further success in the CSR field will considerably depend on the extent to which such organizations are able to effectively influence public and private initiatives aimed at promoting welfare of workers, citizens, local community and the environment.

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# 社会企业发展路径：国际比较及中国经验

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**摘要：**国际研究发现，公民社会、政府、市场、国际援助等四个方面的驱动因素可能影响社会企业在组织目标、活动领域、组织类型、法律框架、社会部门、战略发展基础等六方面的特征。由于不同国家在这四个分析维度上的社会经济背景存在显著差异，社会企业的发展路径也各不相同。在已有研究基础上，文章以国际比较为视角，为探究政府部门、公民社会、市场部门、国际机构对社会企业发展路径的影响建立了分析框架，同时，利用大量经验数据重点分析了政府资助与补贴、企业社会责任、跨部门合作、社会投资、支持服务体系等因素对中国社会企业发展所产生的作用。

**关键词：**社会企业；社会创新；公民社会

自 20 世纪 90 年代以来，社会企业家、社会企业家精神、社会企业在全球兴起，逐渐发展成为一种突破市场失灵、政府失灵、志愿失灵社会发展困局的创新思维与实践。事实上，与社会企业这一概念相关的社会创新活动涵盖的内容十分广泛，包括公民社会组织通过市场经营活动获得自营收入、小额信贷组织与行为、合作社性质的组织与经营、公平贸易等。[1]目前，社会企业已经在扶贫、医疗卫生、教育、环保与可持续发展、社区重建、就业、社会倡导等领域产生了重大的社会影响。[2]近年来，有关社会企业的理念与实践也在我国悄然兴起，引起了学界和业内人士的广泛关注。2007 年以来，国内出现了一些有关社会企业的研究。

然而，尽管社会企业已经发展成为一种全球现象，不同国家和地区的社会企业发展路径却存在显著差异。国家、市场、社会这三个影响社会企业发展路径的部门，在中国发挥着何种作用？这是了解中国社会企业发展过程的基础问题，具有理论和实践的双重意义。目前，还没有学者从国际比较的分析视角探讨我国社会企业在发展路径上不同于其他国家的特质。本文旨在弥补这一研究空白。

## 一、社会企业发展路径的国际比较：多维分析框架

现有研究多借助“政府——市场——公民社会”的三维分析框架解释社会企业在全球的兴起，而这种由三部门主体共同建构的社会企业培育机制又存在国家、区域间的差异。正如艾利克斯·尼科尔斯在 2006 年出版的《社会企业家精神》(Social Entrepreneurship)一书中所总结的：“在西欧，各国政府(尤其是英国政府)以及欧盟对于社会企业的发展发挥了重要的推动作用；在美国，公益创投和新型基金会则成为主要推动力；在拉丁美洲，与政府和私人部门相比，公民社会中具有合作社特征的社会投资事业发挥着更为显著的作用；在东欧前社会主义国家，社会企业的发展较少受到政府部门的影响，而是主要依赖于市场和社会部门的二元混合动力；在亚洲新兴工业化国家，在市场经济相对落后的情况下，孕育社会企业的土壤主要在于公民社会和政府部门”。[3]

简妮尔·科林关于社会企业的最新国际比较研究，对这一三维分析框架进行了完善。科林的研究重点关注西欧、中东欧、东南亚、美国、阿根廷、日本、津巴布韦、赞比亚等区域及国家社会企业的发展路径和基本特征。科林的研究发现，公民社会、政府、市场、国际援助等方面的驱动因素可能影响社会企业在组织目标、活动领域、组织类型、法律框架、社会部门、战略发展基础等六方面的特征。[4]综合现有文献，作者发现，由于不同国家在这四个分析维度上的社会经济背景存在显著差异，社会企业的发展路径也各不相同(如图 1 所示)。

基于“政府——市场——公民社会——国际援助”的分析框架，分析社会企业的发展路径需要厘清不同部门的主要影响因素。综合现有研究，笔者发现主要的影响因素包括法律政策环境、跨部门合作、投资市场、支持服务体系等方面。

一是在法律政策环境方面，现有研究关注不同的法律政策体系如何影响社会企业的组织形式、资源动员模式、运营模式以及治理模式。20世纪90年代以来，西欧很多国家都相继进行了有关社会企业的立法。有学者估计，截止2009年，欧洲和北美已有14个国家通过了有关社会合作社的立法；亚洲的日本和韩国近年也颁布了类似的法律。[5]

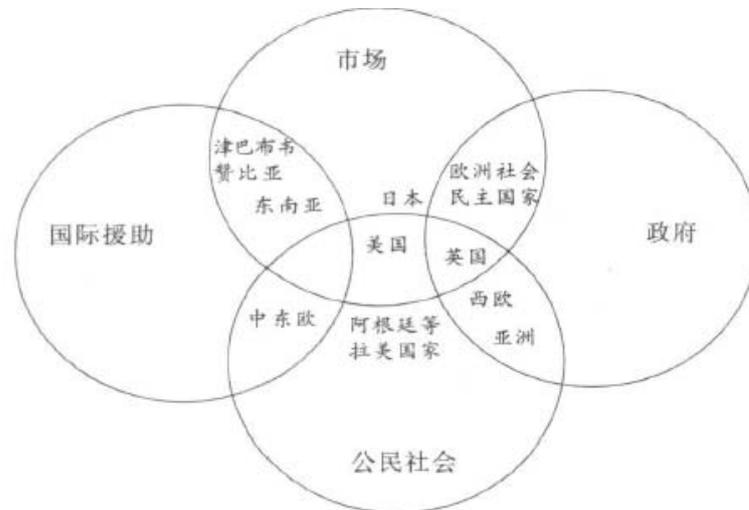


图 1 社会企业发展路径的国际比较

二是在跨部门合作方面，社会企业与政府部门、市场部门的互动合作成为现有研究的分析重点。一方面，政府采购和政府补贴等来自政府部门的支持成为丹麦、意大利、西班牙等欧洲国家社会企业发展的重要资源；[6]另一方面，1990年代起企业社会责任(CSR)在全球的兴起也为社会企业的发展注入了来自市场部门的丰富资源。CSR的发展体现在公司慈善、公司志愿、社会责任投资、善因营销等多方面，从而为企业与第三部门组织(包括社会企业)的合作提供了多种平台。

三是在投资市场方面，社会投资构成影响社会企业发展的主要投资环境。近年来，社会投资在欧美国家发展迅速。社会投资主体是跨部门多元化的，包括基金会、银行、政府、多边投资机构、公益创投机构、社会风险资本等。[7]社会投资的投资方式也是多种多样的，包括资助与赠与、公益创投、债权、社区发展金融、信贷联盟、社会投资基金、股权投资等多种形式。[8]据估计，未来十年内全球社会投资的规模将达到5000亿美元，有可能成为社会企业发展的主要投资来源。[9]

四是在支持服务体系方面，社会投资中介服务组织、社会企业孵化机构及社会企业网络培育组织构成影响社会企业发展的支持服务体系。其中，社会投资中介服务组织在社会投资的供求双方之间发挥中介作用，为社会企业提供金融投资、专业技能、创新指导、绩效评估、社会网络等多方面服务。社会企业孵化服务机构为初创期的社会企业提供发展必须的商业运营知识与技能，服务形式包括商业咨询、技能培训、启动经费、信息平台、社会网络资源等。社会企业网络培育组织的活动领域包括倡导和教育公众、推广社会企业最佳经验、促成跨部门合作与沟、开展相关研究等方面。[10]

## 二、中国社会企业的发展路径：跨部门的影响

上述国际比较视野下的文献回溯，为我们解析中国社会企业的发展路径提供了基本线索。在此基础上，笔者建构了一个扎根中国现实的分析框架，用于探讨跨部门多种因素对于我国社会企业的发展路径的影响。如图2所示，笔者认为，中国社会企业的发展路径受到来自政府、公民社会、市场、国际机构等多重驱动力量的影响。同时，不同影响主体的作用方式一方面存在显著差异，另一方面在跨部门合作、社会投资、支持服务体系等因素上又存在不同程度的交叉。

### (一)政府部门的影响

第一，国有福利机构市场化。市场经济改革初期，国有社会福利机构开始出现市场化的经营模式，以弥补政府拨款减少造成的经费不足。例如，1990年代开始社会福利企业经历了普遍的民营化改革，私有部门逐步成为主要的投资运营主体。1998年，社会办社会福利企业数量达到42987家，占有社会福利企业的85%强，为72万多名残疾人提供了就业岗位。[11]

第二，法律与政策。与社会企业法律政策体系相对完善的西欧国家不同，我国尚未颁布有关社会企业的专项法律法规。目前，社会企业所采取的法律形式因而具有多样性，主要包括商业企业、农民专业合作社、社会福利企业、民办教育机构和民办非企业单位等。由于法律形式差别迥异，各类社会企业在所有权、税收减免、利润分配、治理模式等方面具有不同的特征。

第三，政府采购与补贴。进入21世纪，我国社会福利体制改革的进程有所加快，各级政府大力倡导和推动社会管理创新和公共服务的社会化。许多地方政府将原来由政府直接经营的社会事务向社会开放，有的地区在社区服务、养老服务、扶贫开发、艾滋病救助、环境保护等公共服务领域，出现了政府向各类社会组织采购服务的实验。然而，目前尚未出现明确向社会组织倾斜的政府采购政策。在政府补贴方面；与欧洲国家不同；我国目前尚未出现政府以直接补贴的方式为社会企业提供收入来源；但以农民专业合作社、社会福利企业、民办教育机构和民办非企业单位形式注册的社会企业可以获得不同程度的税收优惠，作为一种间接的政府补贴。

第四，跨部门合作。随着我国第三部门的逐步发育和企业社会责任在我国的兴起，在社会发展、社会管理、公共服务等诸多领域，政府部门越来越多地寻求与各类社会组织以及企业的合作，从而实现优势资源的互补、提高管理和服务的绩效。例如，2010年7月5日，全国首家由政府、社会组织和社会企业合作互动形成的社会创新园区——上海市社会创新孵化园正式开园。该项目由上海市民政局立项，福利彩票公益金提供资金支持，委托上海浦东非营利组织发展中心运作管理。

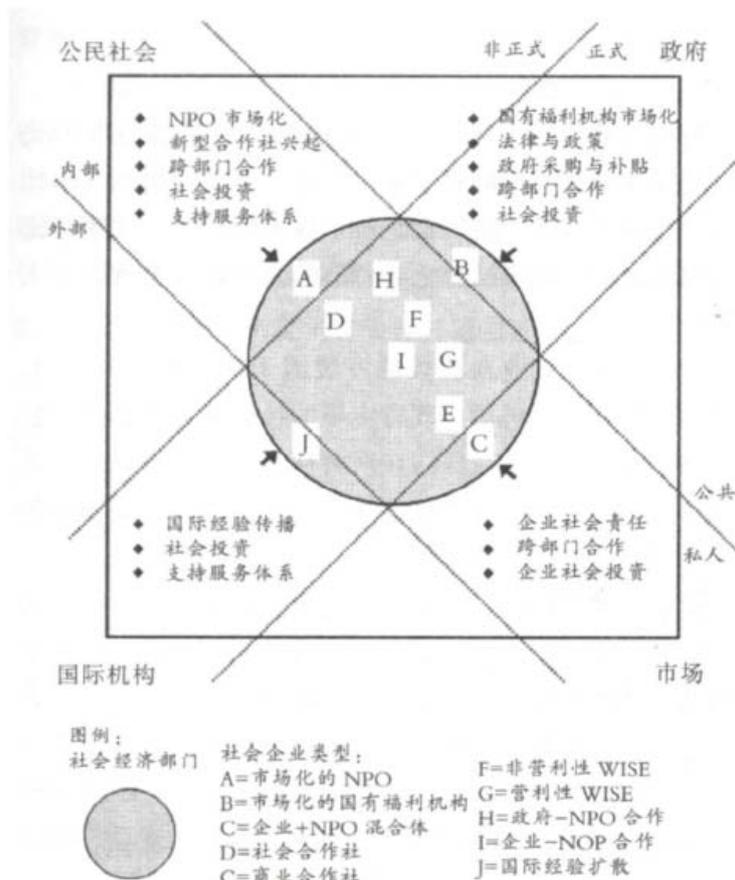


图 2 中国社会企业的发展路径：分析框架

第五，社会投资。社会创新是社会企业家精神的核心内容。近年来，一些地方民政部门在鼓励社会创新方面开始启动一些小规模的社会投资项目。例如，上海市民政局于2009年5月启动“上海

社区公益创投大赛”项目，委托上海浦东非营利组织发展中心承办。大赛借鉴企业界风险投资方法为初创期的社会组织和创新公益服务项目提供资金支持和能力建设服务。

## （二）公民社会的影响

一是非营利组织(NPO)市场化。我国公民社会部门长期面临资源匮乏的发展困境。如何通过市场化、商业化的运营模式实现经费的自给自足，成为业内人士和学术界关注的话题。目前一些具有社会企业家精神的 NPO 已经开始实践市场化的运作模式，例如推行内部管理的企业化、实行公益服务的收费制、与企业进行互惠合作、开展商业投资等等。

二是新型合作社的兴起。市场转型期，我国城乡出现了各种类型的新型合作社。在农村表现为各种形式的新型农村合作经济组织；在城市出现了住宅合作社、信贷联社、消费合作社。2007 年《农民专业合作社法》颁布实施以来，农民专业合作社发展迅速，成为目前新型农村合作经济组织的主要形式。据统计，截止 2010 年 6 月底，工商部门登记的农民专业合作社预计达到 30 万家，实有入社农户 2500 万，约占全国农户总数的 10%。

三是跨部门合作。面临政府的社会管理创新和企业社会责任的兴起，第三部门开始获得更多与政府和企业合作的机会。近年来，培育社会组织参与社会服务成为 NPO-政府合作的主要领域。例如，2009 年 10 月，爱德基金会创办“南京爱德社会组织培育中心”。该中心得到了南京市民政局、建邺区民政局支持，并由建邺区南苑街道免费提供办公场地，开展社会组织培育工作。与此同时，除教育、扶贫、公共卫生、环保等传统公益领域之外，社会创新成为 NPO-企业合作的新热点。例如，2010 年 7 月，为扶助中国内地城镇、乡村及流动贫困人群，中国社会组织促进会和招商局慈善基金会启动“招商局扶贫创新奖”评选活动，向社会公开征集创新、有效、可复制、可持续的扶贫项目和模式。

四是社会投资。从国际经验来看，基金会是公民社会部门的主要社会投资主体。2004 年《基金会管理条例》颁布后，我国非公募基金会大幅增长。近年来，多家基金会开始通过小规模的社会投资，积极倡导社会创新、培育社会企业家精神。例如，友成、南都先后资助英国大使馆文化教育处在国内各地开办的“社会企业家技能培训”，截止 2011 年 1 月已为获奖学员提供了数百万元的项目资助。然而，与国际经验相比，国内基金会用于支持社会企业发展的社会投资规模和形式还比较有限，主要是以培训、评奖、创业大赛等形式进行的小规模资助，很少涉及公益创投、债权、股权等投资方式。

五是支持服务体系。近年来在社会企业的支持服务体系领域出现了一些领军机构和创新活动。在社会企业孵化方面，“上海浦东非营利组织发展中心”(NPI)，成为国内首家公益组织(包括社会企业)的孵化机构，为初创期公益组织提供办公场地、办公设备、能力建设、小额补贴、注册协助以及专业指导等多种支持。截至 2011 年 6 月，NPI 已经孵化出壳的机构达 40 家，正在孵化的有 22 家。在社会投资中介服务方面，友成企业家扶贫基金会在解决小额贷款机构的融资困境方面进行了有益的尝试。2010 年，友成基金会与投资公司及格莱珉基金会合作成立了“北京友成普融信息咨询有限责任公司”，旨在为国内现存的小额信贷机构提供资助平台，使其能够控制风险，获得更多投资者的信赖。

## （三）市场部门的影响

首先是企业社会责任 (CSR)。近年来，企业社会责任的理念和实践在我国发展迅速，在企业战略管理、融资与投资、市场营销、品牌管理、供应链管理、绩效管理、利益相关方管理、企业治理、企业沟通与报告等多重管理领域都有所发展。其中与社会企业发展密切相关的领域是跨部门合作和企业社会投资。

其次是跨部门合作。一方面，很多具有 CSR 理念的企业开始积极寻求与政府机构的合作，作为实施其企业 CSR 战略的关键步骤。例如，2010 年 1 月，民政部社会福利和慈善事业促进司和英特尔(中国)有限公司共同启动“芯世界”公益创新奖，成为国内首个鼓励公益组织采用信息技术进行公益创新的专业奖项，为获奖项目提供 100 万的资金资助，以及能力培训、专业志愿者技术咨询等支持。另一方面，企业与 NPO 的合作也成为助推我国社会企业发展的因素之一。例如，2009

年10月，联想集团、教育部高校学生司、多家公益基金会共同启动了“联想青年公益创业计划”，面向大学生以及初入职场的青年人，公开征集选拔优秀公益创业团队，并提供专业培训、公益实习、创业资金等支持。

再次是企业社会投资。在诸多社会投资类型当中，公益创投成为目前我国企业进行社会投资的主要形式。例如，2007年12月联想公司启动了“联想公益创投计划”，旨在通过“创新性的资助”，助力公益组织的自身能力建设，实现可持续发展。

#### (四)国际机构的影响

首先是国际经验传播。近年来一些国外组织和国际机构通过论坛、研讨会的形式，就国外有关社会企业、社会企业家精神、社会创新的理念与实践进行介绍和推广。例如，2007年5月，浙江大学管理学院全球创业研究中心、牛津大学斯科尔社会企业家精神研究中心和亚洲企业家学院在杭州联合举办“社会企业家国际论坛”。2007年10月，英国文化协会、中央编译局比较政治经济研究中心与首都社会经济发展研究所，在北京举办“发展社会经济 促进社会和谐”研讨会。2008年12月，英国文化协会与民政部民间组织管理局联合主办“社会创新与社会组织”论坛。

其次是社会投资。近年来，一些国际发展机构和投资机构将投资重点转向国内社会发展与公益领域的创新项目。世界银行首创的“发展市场”项目就是其中的典型代表。2005年以来，世界银行开始与国务院扶贫开发领导小组办公室、民政部共同主办“中国发展市场”，在多家国际发展机构、中外企业、民间机构的参与和支持下，募集赠款资金100万多美元，为近百个社会发展项目提供了资助。此外，一些国际社会投资机构，例如2007年由列支敦士登皇室出资成立的“LGT公益创投基金”于2009年设立专项基金，为国内具有增长潜力的社会企业提供资助。

再次是支持服务体系。还有一些国际机构，针对中国新生的社会企业缺乏商业运营专业知识与技能的问题，组织了相关培训活动。例如，2008年6月起，英国大使馆文化教育处先后联合友成企业家扶贫基金会、南都公益基金会、上海增爱基金会等国内机构开展了“社会企业家技能培训”项目。截至2011年1月，共有380名学员参加了培训，并有数十家机构获得了由基金会提供的共计510万元的项目资助。

### 三、讨论与结论

在过去几年间，作为社会创新理念与实践的典型代表，社会企业在我国取得了初步发展。本文对影响我国社会企业发展路径的主要因素进行了探索性研究。从国际比较的视角来看，我国社会企业目前的发展现状具有如下主要特征：

第一，社会企业在我国的发展源于国内外、跨部门、多重因素的驱动，包括：政府主导的社会福利体制的社会化、市场化；公民社会部门在众多社会、经济领域的功能日益凸显化；企业社会责任逐步主流化；社会创新领域的国际对话与合作逐步常规化。

第二，政府机构、公民社会组织、企业、国际机构对于社会企业发展的作用方式与程度有所不同。其一，在法律政策、政府采购与补贴这两项政府部门特有的影响因素上，与国际经验相比，我国政府目前对于社会企业的支持力度尚不显著。其二，从公民社会的影响来看，尽管目前我国也出现了NPO市场化的迹象和新型合作社运动，但前者的趋势远不及美国明显，后者则远不及欧洲国家显著。

目前难以判断哪种趋势会成为我国公民社会内部左右社会企业发展未来方向的主导力量。其三，从市场部门的作用来看，企业社会责任成为企业影响社会企业发展的主导理念和行动策略。需要指出的是，社会企业和企业社会责任在核心价值上存在一定的差异，前者的重点是社会价值的最大化，后者是商业利益的最大化。如果企业因为具有资源优势而占据社会企业“范式建构”的主导权，我国社会企业的发展导向就可能陷入“过度市场化”的误区。[12]其四，从国际机构的影响来看，广泛传播国外社会企业的发展经验对于社会企业的发展具有一定的推动作用。然而，如何实现国际经验的“本土化”依然是国际机构面临的现实挑战。综合各部门影响因素的作用来分析，目前我国社会企业的发展并非取决于某种单一的“主导型”力量的作用。可以预言的是，短期内国

内社会企业的发展不太可能简单复制其他国家或地区的路径，譬如美国、日本等国以市场为主导的模式，英国、韩国、香港以政府为主导的模式，亦或是阿根廷等拉美国家以公民社会为主导的模式。

第三，政府、公民社会、企业、国际机构对于国内社会企业发展的影响，在跨部门合作、社会投资、支持服务体系等三种因素上存在不同程度的交互作用。其中，跨部门合作成为聚合政府、社会、市场跨部门资源，实现优势互补，共同推动社会企业发展的主要形式。跨部门合作在我国的显著作用，一方面反映出许多国家社会企业发展过程中出现的普遍趋势，另一方面也折射出目前我国社会企业发展缺乏主导型驱动力的现实。在社会投资方面，尽管目前政府、社会、市场、国际机构都有所尝试，然而在投资形式、投资规模、专业化程度等方面还远不及国外完善。

从国际社会企业的发展历程来看，未来我国社会企业的发展很大程度上取决于社会责任投资市场的培育和成长。在支持服务体系方面，基金会、公益组织孵化机构、国际机构发挥了重要的作用，然而目前少数领军机构以项目方式提供的支持还远远没有形成机制化、长效性的支持服务体系，未来这方面的建设还任重道远。

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# 社会企业研究述评

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**摘要：**社会企业作为一个新兴的研究领域，备受理论界和实务界的关注。本文主要从社会企业的概念界定与组织属性、类型特征与目标选择、生存要件与政策机制三个方面梳理国内外社会企业的研究进展，以期利于中国社会企业本土化研究的进一步拓展。

**关键词：**社会企业 第三部门 三重底线

社会企业一词最早是由经济合作与发展组织（OECD, Organization for Economic Cooperation and Development）在 1994 年的一份报告中提出，认为社会企业是指既利用市场资源又利用非市场资源以使低技术工人重返工作岗位的组织。<sup>①</sup>而后学者们针对社会企业展开了一系列研究。国内这方面的研究刚刚起步，多为介绍性或阐释性的文献。从学科上看，各学科之间的借鉴和融合也渐成趋势。为了更全面地介绍社会企业的国内外研究进展，阐述社会企业的核心要义，本文将围绕社会企业的基本要素，从社会企业的内涵界定和组织属性澄清、基本类型和目标选择、生存要件和政策机制等方面进行详细的梳理。

## 一、社会企业的概念厘定及组织属性

社会企业的概念界定一直是社会企业研究中颇受争议的话题。很多研究都试图界定社会企业的内涵，而欧美社会企业在组织和实践活动上的诸多差异，对其进行统一界定是十分困难的事情<sup>⑦</sup>，同时也很少有研究对欧美社会企业概念进行对比性分析。关于社会企业多样化的定义，学者们<sup>⑨⑩</sup>多认为定义的不一而足是对多样化利益群体的真实反映，重要的是要明确社会企业一词在特定使用情境中的含义。因此，相关研究多采取欧洲及美国社会企业分别论述的方式。鉴于各国由于社会企业兴起背景、社会政策差异而显现的不同特质，为了更加清晰地理解社会企业概念的本质，本文中，笔者也遵循社会企业的地域分类标准，将社会企业的概念研究区分为欧洲、美国和中国路径，分别论述。

### （一）社会企业的概念厘定

#### 1. 欧洲社会企业的概念界定

欧洲社会企业的概念讨论比较有代表性的描述主要集中在 OECD 和欧洲委员会的相关著作中，当然诸多学者也展开了丰富的讨论。英国作为社会企业的主要阵地之一，在推动社会企业研究及发展方面起了重要作用。欧洲社会企业的概念界定有代表性的观点有以下几种（详见表 1）。欧洲社会企业的发展与第三部门的变革不无关系。欧洲社会企业是从非营利组织的基础上创造出新的社会企业组织。依据社会企业的经济和社会面向双重指标，欧洲社会企业被视为融合经济与社会两项指标之混合组织（hybrid organization），具体如图 1 所示。Defourny 指出，社会企业的本质取决于两类组织的特征的组合，交叉部分也会不断增加，我们不能用静态的方法来分析问题，此观点为把握欧洲社会企业的概念提供了基本指引。然而，在实践发展中，双重指标观点的社会企业，其可行性遭到许多挑战，为了解决弱势群体就业之结构性困境和追求财政支持，欧美社会企业内涵已逐渐演化，在原先经济与社会指标外，加入公共政策（public policy）或环境（environment）指标，朝向三重底线（triple bottom line）方向发展。

表 1 欧洲社会企业概念界定

提出者		概念界定
学 界	OECD (1999) ①	任何为公共利益而进行的私人活动,依据企业战略,达成特定的经济或社会目标,不以利润最大化为目标,并有助于创新性的解决社会排斥及失业问题的组织。社会企业的出现主要在于回应市场及福利国家供给不足的危机,提供新的就业机会,增加社会与社区服务需求。
	OECD (2003) ②	介于公私部门间的组织,主要形态为利用交易活动以达成目标及财政自主的非营利组织,社会企业除采取商业企业经营手法,也具备非营利组织强烈的社会使命感。社会企业的主要形态包含员工所有制企业、储蓄互助会、合作社、社会合作社、社会公司、中型劳工市场组织、社区企业,及慈善的贸易部门。
	Defourmy (2001) ③	社会企业是合作社与非营利组织的交叉点,合作社包含劳动者合作社及使用者合作社,非营利组织包含生产型和倡议型非营利组织,而社会企业偏向劳动者合作社与生产型非营利组织的混合体。
	Thomas (2004) ④	社会企业乃是第三部门的要素之一,社会企业代表一种全新精神的企业形态,社会企业的发起代表从传统福利系统转变为混合系统的过程。
	Pestoff (1998) ⑤	社会企业是具有社会价值的合作社及志愿服务组织。社会企业不以利润最大化为目的,具有清晰的社会目标,能提供更多的就业机会,吸纳更广泛的公民参与,有利于社会福利的变革。
政 府	英国政府⑥	社会企业是一个商业组织,它以社会为主要目标,利润所得主要用于对社会目标的支持性投资或直接投资到社区当中,而不是为了股东或所有者的利益最大化。
	Social Enterprise UK ⑦	受社会或环境目标驱动的企业。

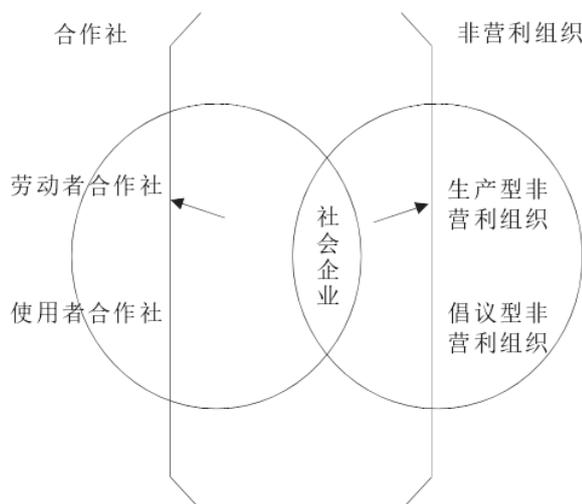


图 1 欧洲社会企业概念图

## 2. 美国社会企业的概念界定

美国学界对于社会企业的界定非常广泛,认为它包括了从事社会公益事业的营利公司、以追求商业利润和社会目标为双重宗旨的组织以及从事商业活动的非营利组织。美国实务界则将这一概念更多地用来指称从事商事活动并获得收入的非营利组织,意在描述非营利组织的商业化倾向。美国的社会企业实践强调社会创新和社会企业家精神。学界亦偏向于使用“社会企业精神”(social entrepreneurship)这一概念。美国社会企业概念主要观点如表 2 所示:

表 2 美国社会企业概念界定

提出者		概念界定
学界	Hibbert, S. A., G. Hogg and T. Quinn (2002) ③	社会企业精神是指为了社会利益而实践的企业行为, 这种行为的最终目的不是经济利益, 企业获得的利润要用于保障特定弱势群体的利益。
	Dennis R. Young (2001: 152) ④	社会企业是采取企业的方式和商业活动, 以促进社会事业或对公共财政有所贡献为目标的组织。社会企业乃是一个连续体的组织, 并可区分为三种组织形态: 企业慈善、社会目的组织以及两者之间的混合型组织。
	J. Gregory Dees (1998) ⑤	社会企业并非单纯为财政目标而存在, 而是一种多元混合的综合体。社会企业是在纯慈善(非营利组织)与纯营利(私人企业)之间的连续体。
	David Bornstein (2006) ⑥	社会企业是无数受各种变革驱动, 寻求解决社会问题的创新途径的总称; 是解决不为公共部门或商业手段所能回应的社会问题的有效途径。
政府	美国政府 ⑦	包括所有非营利机构、公共服务机构及其他基于社会使命所运作的机构。
实务界	美国社会企业联盟 ⑧	社会企业是以社会公益为基本目标的企业, 其运用商业的手段和方法以及市场力量来促进社会、环境及社会正义的进程。

狄兹 (J. Gregory Dees) 提出的“社会企业光谱 (social enterprise spectrum)”概念, 是解释美国社会企业的典型分析架构。社会企业光谱依据主要利害关系人与非营利组织的关系, 将社会企业分为三个类型: 纯慈善性质的、混合性质的及纯商业性质的社会企业。具体如表 3 所示。

表 3 社会企业光谱

		纯慈善的 ←	→ 纯商业的	
动机、方法及目标		诉诸声誉 使命驱使 社会价值	混合动机 使命及市场驱动 社会及经济价值	诉诸自利 市场驱使 经济价值
主要利益相关者	受益者	免费	补助金或全额报酬与免费之间的混合	依市场行情支付
	资本	捐款和补助	低于市场行情的资本或捐款与市场行情的资本的混合	具备市场行情的资本
	人力	志愿者	低于市场行情的报酬或志愿者与付全薪员工的混合	支付市场行情的报酬
	提供者	非现金方式的捐赠	特定的折扣或物品捐赠与全价货品的混合	依市场行情价格收费

美国社会企业最主要组织特质在于“类商业”活动, 也就是所谓的“福利市场化” (marketization of welfare), 具体指的是将市场形态关系引入社会福利领域。美国社会企业的发展主要表现出非营利组织的商业化和企业的非营利化两种趋势。光谱的连续体可以产生多种互补关系的动态组合, 呈现出社会企业的不同型征, 此为分析非营利组织的商业化趋势抑或商业组织的非营利化提供可能的思路。欧美社会企业发展的地域性差异, 造成了研究上的分离。近年来, 有学者已经意识到这一点, 并试图在统一的框架下对欧美社会企业概念进行对比性分析。JA Kerlin 在概念对比的基础上, 分析了欧美社会企业形成的不同历史背景条件、生存的制度环境, 并希望能在社会企业发展上相互借鉴。具体如表 4 所示。

表 4 欧美社会企业概况比较

	美 国	欧 洲
重心	经济效益	社会效益
常见的组织类型	非营利组织 (501 (c) (3))	协会/合作社
焦点	所有非营利活动	公益服务
社会企业的类型	较多	较少
受益者	限制性的	所有人
策略发展	基金会	政府/欧盟
大学研究	商科和社会科学	社会科学
所处环境	市场经济	社会经济
法律框架	缺乏	发展不足但正在改变

### 3. 中国社会企业的概念界定

社会企业的兴起也引起了我国学界的兴趣和关注。由于港台地区社会发育程度相对较高，社会组织也比较活跃，社会企业的实践及研究也较内地丰富。香港政府认为，社会企业没有统一的定义。一般而言，社企是一盘生意，以达致某种社会目的。社企所得利润主要用作再投资于本身业务，以达到既定的社会目的，而非分派给股东。香港社会企业资源中心则认为香港社会企业不是纯粹的企业，亦不是一般的社会服务，社会企业透过商业手法运作，赚取利润用以贡献社会。它们重视社会价值，多于追求最大的企业盈利。陈锦棠指出香港的社会企业具有四项特质：（1）藉企业的发展策略达成社会目的；（2）发展途径包括以工代赈和社会投资；（3）鼓励小区中的边缘团体自力更生；（4）重视可持续发展。香港社会企业的发展相对比较偏重其社会经济功能，而台湾则有所不同。台湾政府认为台湾非营利界采纳的“社会企业化经营”概念与欧美的概念大致相符。认为社会企业经营化活动指为赚取收入以履行社会目的而进行任何业务活动或策略。台湾社会企业研究主要以从事社会福利服务为主的非营利组织为主要研究对象，多从组织发展或第三部门产业化的角度展开，抑或与欧美社会企业的发展经验进行对比，探讨社会企业发展现状、困境及经验，并关注政府政策的影响。郑胜分根据经济与社会面向的双重分析指标和非营利组织与企业两种组织形态的双向指标体系，将社会企业归纳成两大发展途径：非营利组织师法企业途径和企业的非营利途径，将社会企业界定为“第三部门”（Third Sector）范畴。李衍儒、江明修吸取了欧美学界对社会企业的界定，认为社会企业除指涉企业的非营利化，即企业慈善及社会责任的展现外，也包含非营利组织的商业化，以及于创立初始直接以达成社会目标，并以商业手段运作而成立之组织。相比港台社会企业的蓬勃发展和深入研究，中国内地有关社会企业的研究则略显薄弱。但近年来学界对社会企业的关注度日益高涨，逐渐引入国外的经典著作或译著，但研究以介绍性和阐释性的居多。中国内地社会企业研究中最先引入“社会企业”概念，对社会企业问题进行系统介绍的文章，是北京大学刘继同教授节译经济合作与发展组织起草的一个研究报告——《社会企业》。随后展开对社会企业的系列研究，主要体现在对国外社会企业兴起的背景、概念、特征和类型的总结，以及发展经验的介绍等。

我国学者对社会企业的概念界定在本质上和欧美是一致的，体现了社会企业的混合体特征和可持续性。王名、朱晓红在梳理国内外有关社会企业研究的基础上，概括了社会企

业的认识框架，包括认识社会企业的现象与本质的两个维度，观察社会企业的公益、市场和文化的三个视角，以及分析社会企业的市场实践、公益创新、政策支持和理想价值的四个层次。在此基础上，把社会企业定义为一种介于公益与营利之间的企业形态，是社会公益与市场经济有机结合的产物，是一种表现为非营利组织和企业双重属性、双重特征的社会组织。潘小娟从社会企业所具有的共同的基本特征出发，认为社会企业是介于传统的以营利为目的的企业和民间非营利组织之间的，以社会责任感而非利润驱动的，为实现既定的社会、环境目标和可持续发展而进行商业交易的组织。杨家宁认为社会企业是非营利组织面对经费紧缺及为提高自身运行绩效，以企业行为来解决社会问题，实现非营利组织社会使命的组织形式。指出社会企业并非是特定的社会背景下的企业现象，因为社会企业给予社会价值的创造优先于盈余的获取，因而对社会企业的社会价值或者说社会影响如何评价，是社会企业研究和实务领域的重大课题。时立荣从组织创新的角度，认为社会企业是一种社会组织创新，包含了社会福利企业但已经超越了福利企业的“剩余”含义。我国民间组织管理局亦具体阐释了社会企业的基本内涵，认为社会企业不是纯粹的企业，亦不是一般的社会服务，社会企业透过商业手法运作，赚取利润用以贡献社会。它们所得盈余用于扶助弱势社会群体、促进小区发展及社会企业本身的投资。它们重视社会价值，多于追求最大的企业盈利。社会企业的基本特征主要表现在不是以盈利最大化为目标，但又要追求盈利。社会企业的社会目标是满足社会需要、创造就业机会、促进员工发展、建立社会资本、推动可持续发展。中国社会企业的发展由于尚无关于社会企业的专门立法，所以难以依据法律导向界定社会企业的边界，而社会企业类型的多样性也增加了概念界定的难度。总的来看，社会企业的概念界定大体包含了社会企业的基本目标、组织形态、运作机制及利润的使用等基本要素，而社会企业又因实践的复杂化而呈现多样性特征。笔者以为，秉持社会目标的商业行为体现了社会企业的基本特征，可以借此来判断社会企业的实践发展动态，从而产生更加具有实践性和解释力的社会企业定义。

## （二）社会企业的组织属性

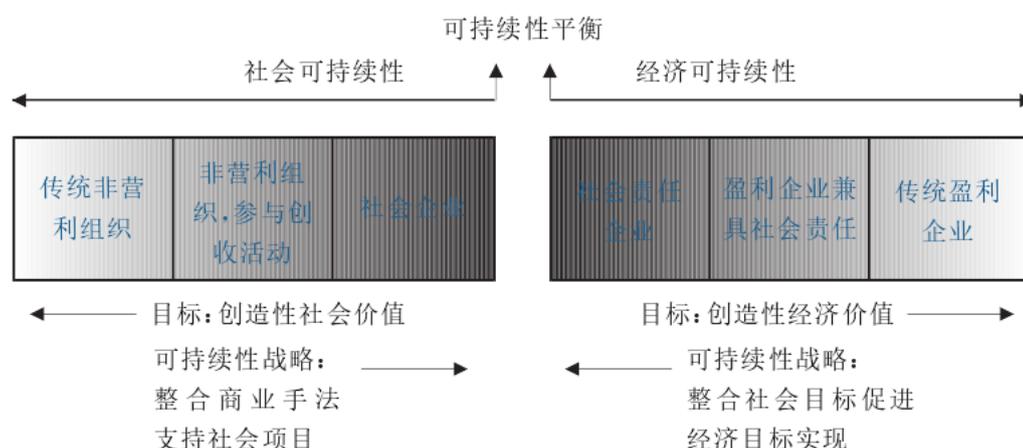
社会企业在实践发展中，因为复杂的混合体特征而表现出多面性，因此对社会企业的争议也首先集中于社会企业的组织属性。从以上研究回顾可以看出，虽然欧美社会企业兴起背景不同，但均因强调经济和社会指标，被视为混合型组织。所以，从社会组织的目标属性来判断，只要兼具经济目标和社会目标，就可以称为社会企业。Defourny认为，非营利部门和社会经济概念存在局限性。非营利部门和社会经济都是非常笼统的概念，它们涵盖了众多作用各异的组织，而且这两个概念的最本质特征是静态，而不是动态，故无法对第三部门中存在的许多变化作出详尽的解释。所以，对社会企业的研究不能局限在“社会经济”和“非营利组织”这些概念上，而是应该超越这两种概念和分析方法。对于社会企业组织属性的争议，笔者认为首先要明确的一个问题是判断一个组织是营利组织或非营利组织的标准是什么。根据我国财政部颁发的《民间非营利组织会计制度》规定我国非营利组织应符合三个条件：（1）不以营利为目的；（2）任何单位或个人不因为出资而拥有非营利组织的所有权，收支结余不得向出资者分配；（3）非营利组织一旦进行清算，清算后的剩余财产应按规定继续用于社会公益事业。非营利组织主要从事社会公益活动，不以营利为目的，其目标并不是利润最大化，不能进行利润分配。金锦萍认为区分营利组织和非营利组织的法律意义在于法律规制的差异：设立营利组织的行为是投资行为，而非营利组织的行为则是法律意义上的捐赠行为。而营利和非营利的界限则是非营利组织可以获得税收优惠和公众捐赠并因此也担负公众问责制的原因所在。一个国家的社会企业采取营利组织形式还是非营利组织形式，与各国在是否允许非营利组织从事商事活动问题上的立场有密切关系。Defourny指出，社会企业并不单单是非营利部门或者社会经济的一个新发展，研究应该关注社会企业为什么可以被看作一个真正的企业，以及这些组织及其企业家的行为在多大程度上可以被定义为社会性的。社会企业处于合作社和非营利部门的交界

处，而交叉部分也会不断地增加，社会企业的本质取决于两类组织特征的组合。根据 Defourny 的分析，从经济特性来看，社会企业具有可持续性的生产商品和销售服务、高度自治、经济风险显著、带薪雇员数量尽可能少等特征；从社会特性看，社会企业具有一个让共同体受益的明确目的；它由一群公民发起行动；拥有的决策权不是基于资本所有权；具有参与性，受项目影响的所有人都能参与活动；只进行有限的利润分配，或者说资产锁定。也有学者指出，判定社会企业社会内涵的主要标准是看其经济活动如何与组织声称的社会使命相关联，看它有怎样的社会产出，以及看它对个人、群体、社区乃至更广泛领域产生怎样的中长期社会影响。社会企业的企业内涵在于创立人和管理团队所具备的企业家精神，在于其运用商业企业式的和以市场原则为基础的组织结构、管理模式和运营模式，及其所具备的不依赖于外部资助的可持续收入机制。从以上讨论可以看出，社会企业的概念界定尽管涵盖范围不一，侧重各有不同，但关于组织属性的讨论是基本一致的。社会企业的混合体特征，展示了一种新的组织型态；经济手段和社会目标的结合，体现了组织发展的可持续性；不以利润最大化为目标保证了社会企业的社会特性。社会企业概念的基本元素同时体现了组织属性。

## 二、社会企业的类型特征及目标选择

伴随着西方福利国家危机产生的社会企业，具备经济目标和社会目标的双重底线或兼具维护环境的可持续性和文化完整性的三重底线，在实践发展中日益体现出非营利组织和商业企业相互渗透的组织态势，显示出介于传统非营利组织和商业组织之间的连续体特征。对此，金·阿特洛（Kim Alter）的社会企业可持续性发展光谱更为清晰和具体地呈现了社会企业的混合体特征。该可持续性发展光谱依据组织目标，清晰区分了社会企业和企业社会责任。社会企业有别于企业社会责任，在兼具经济和社会目标的同时，体现了可持续性。

表 5 Kim Alter 的可持续性发展光谱<sup>①</sup>



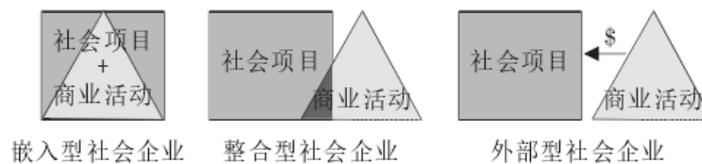
Kim Alter 的可持续性发展光谱与 Dees 的社会企业光谱分类维度不同。Dees 从动机、方法、目标及利益相关者的角度，区分了传统的非营利组织、社会企业和营利性企业。Kim Alter 则根据组织目标的不同将其划分为两种类型。营利是企业社会责任和兼具社会责任的企业的基本目标，而社会价值则是社会企业和参与创收的非营利组织的基本目标，这是区分组织价值和活动的核心。Kim Alter 指出，社会企业运用企业家精神、创新和市场策略创造经济和社会价值，体现了以下三个基本特征：社会目标（Social Purpose）、商业手段（Enterprise Approach）及社会所有者（Social Ownership）。依据组织使命导向，可将社会企业分为使命中心型（Mission Centric）、使命相关型（Mission Related）和使命无关型（Unrelated to Mission）。如表 6 所示。

表 6 社会企业分类



社会企业也可以依据社会项目和商业活动之间的一体化程度，分为以下三种类型：嵌入型社会企业（Embedded Social Enterprises）、整合型社会企业（Integrated Social Enterprises）及外部型社会企业（External Social Enterprises）。如下所示：

表 7 社会企业分类



Kim Alter 依据不同视角对社会企业的分类实际上是一致的。在嵌入型社会企业中，商业活动和社会项目之间的关系是综合的，同时获得经济和社会利益，嵌入型社会企业通常是使命中心型的；在整合型社会企业中，社会项目和商业活动是重叠的，商业活动和社会项目之间的关系是协同性的，相互达致经济收益和社会影响，整合型社会企业通常是使命相关型的；在外部型社会企业中，社会项目明显区别于商业活动，二者之间的关系是支持性的，商业活动和组织使命无关，经济活动产生的收入作为社会项目的资金机制，外部型社会企业通常是使命无关型的。KimAlter 的社会企业分类为我们分析社会企业实践提供了思路，有助于更清晰地理解社会企业运作的本质。

OECD 也概括了社会企业的主要特征：（1）采用不同的合法组织形式；（2）富有企业精神活动的组织；（3）不得进行利益分配，但可以进行再投资以实践企业的社会目标；（4）强调利益相关者而非股东，重视民主参与及企业化组织；（5）坚持经济及社会目标；（6）主张经济及社会创新；（7）体察市场法则；（8）经济发展的可持续性；（9）高度自主的资金来源；（10）对未被满足的社会需求的回应；（11）劳动力密集的活动。英国贸易与工业部（Department of Trade and Industry, UK）推荐了社会企业的三个检验标准：（1）是否以企业为导向；（2）是否以社会为目标；（3）是否为社会所有制。美国社会企业联盟提出了社会企业区别于商业企业、非营利组织和政府组织的三个明显特征：（1）直接对难以解决的社会需求做出回应，服务社会公益；（2）商业活动是主要收入来源；（3）社会公益是首要目标。美国社会企业早期的发展主要采用非营利组织的形式，采用商业手段赚取营利以追求社会使命和价值。而今，社会企业的组织类型也包含社会目标的营利性组织。组织使命是首要的和根本的，采用何种组织形式则被视为战略问题，取决于是否能最大程度上推进社会使命。

欧美各国因为社会经济结构、政治环境和文化背景的差异，社会企业呈现差异性特征。社会企业组织形式的动态连续性和表现出来的混合体特征，总体体现了社会企业的类型特征。

社会企业的目标选择主要基于组织形态，而组织形态则透射出相应的组织特征。由于中国社会企业发展的复杂性及形态的多样化，依据相关文献研究，我国学者对于社会企业的类型划分主要基于发展历程、社会使命、组织形态、运作模式、法律地位、社会创新这

六个维度。从社会企业发展历程的历史角度，有学者认为自建国以来，我国就产生并存在着较为丰富的社会企业组织形式，具体可归纳为计划经济时期的社会保障性生产企业、社会事业服务性生产企业、生产自救性企业、社会改造性生产企业四种模式和市场经济时期的创业型社会企业和企业投资型社会企业模式。

基于社会企业社会使命的维度，余晓敏等把社会企业区分为五类，即促进就业类、提供社会照料服务类、扶贫类、提供医疗服务类和教育发展类社会企业。

基于社会企业组织形态的维度，李衍儒、江明修指出社会企业有非营利组织效法企业和企业效法非营利组织的两种发展趋势，但社会企业的组织类型与法律地位差异性甚大，内涵仍相当模糊，缺乏一致性概念。而英国和香港社会企业的非营利成分较少，比较偏重社会经济功能的达成，美国及中国台湾则偏向非营利组织之本质，强调社会企业家精神。

部分学者在进行非营利组织和社会企业关系研究时指出，社会企业是非营利组织发展的新形式，为非营利组织的可持续发展提供了转型思路，并指出了非营利组织向社会企业转型的风险规避。邓国胜从社会企业的可持续性角度，认为社会企业实现可持续发展的方式并非仅限于提供产品和服务的利润。如果组织可以采用商业模式和创新的资金筹集方法，并善于探索，整合一切可用的资源——无论是政府的资助，捐赠或自己的商业运作，它就可以被视为社会企业。

也有学者试图根据社会企业组织进行类型归属划分。俞可平认为社会企业是以公益性社会服务为主要目标的企事业单位。认为如果将国家的政府系统当作“第一部门”，将市场的企业系统当作“第二部门”，那么，社会企业就属于非政府、非市场的“第三部门”。在我国，目前可以归属于社会企业范畴的社会组织大体有以下几类：民办非企业单位、社会福利企业、城乡居民的互助合作组织和社区服务中心等。官应廉认为，社会企业是使用商业模式和机制解决社会问题，介于公司和传统非营利组织之间，但更倾向于前者。杨团则认为，社会企业不应该局限在某一个组织形式，它更象征一种精神，一种文化。除了政府（第一部门），市场（第二部门）和非营利组织（第三部门），还应有第四部门，它由公共服务供应商或公共机构组成。第四部门的运营和生产既是慈善又是商业。社会企业不同于传统的非营利组织和慈善事业，因此应进入第四部门。

时立荣指出，社会企业是公共经济型组织的统称，在经济社会转型的各个阶段社会企业都有其存在的不同组织形式，只要同时具备经营性和公益性特征，发挥经济社会双重功能，就都是社会企业。社会企业是单位社会中的社会联结机制——“双重性跨功能组织”。于立华认为社会企业在本质上属于公益经济型组织。

基于社会企业运作模式的维度，陈锦棠把香港的社会企业分为五大类型：公司/中小企业模式、附属单位模式、社会合作社模式、跳蚤模式、合资模式。官有垣据此把台湾社会企业分为五种类型：积极性就业促进型、地方小区发展型、服务提供与产品销售型、公益创投的独立企业型及社会合作社。林怡君依据社会企业的设立目的，将台湾社会企业分为四类：工作整合型、地方社区发展型、贩卖服务或产品型及社员协力合作型。郑胜分、王致雅在其研究中指出，对于社会企业的混合组织形态，要缓和商业机制与公益使命之间的冲突，达成财政平衡，台湾地区的非营利组织主要采取创业家与市场媒介两种模式发展社会企业。

丁开杰认为，中国有四类组织属于“类社会企业”或“准社会企业”：民间组织、合作社、社会福利企业、社区服务中心。这些组织在中国经济社会发展中起着重要的作用。

基于社会企业法律地位的维度，金锦萍认为，尽管我国法律体系的框架内并没有“社会企业”这一术语，但是并不意味着不存在类似组织。如果从其内涵分析，我国社会企业由来已久，最为典型的的就是社会福利企业和民办非企业单位。如果说社会福利企业是具有社会目标的营利组织，那么民办非企业单位则是从事经营活动的非营利组织。社会企业在中国可以采取营利或者非营利两种模式，社会企业也不会改变企业本来的所有权结构选择。

社会企业的出现并没有冲击原先的组织分类，也没有混淆三个部门之间的界限。福利企业和民办非企业单位都可以被界定为社会企业的范畴，但是由于各自的组织属性的迥异，规制规则也应该有所不同。最后，还有学者从社会创新的角度将社会企业分为就业型社会企业与创业型社会企业。

欧美社会企业的三重底线同时展示了社会企业目标选择，为社会企业的未来发展勾勒了基本的框架思路。简要地讲，社会企业的共同特征主要体现在，社会目标的宗旨，非营利性或商业运作的方法，解决社会问题的终极目标。社会企业的发展在此框架下呈现出不同的组织形态。

对于社会企业类型及目标选择的讨论，一个不能忽视的核心问题还在于，依据社会企业组织形态引发的相应利润分配问题，其直接指涉社会企业的组织属性和目标选择。社会企业是“无亏损、无分红企业”，还是实行“有限的利润分配”？这需要我们更多的研究关注。

社会企业在实践发展中呈现出混合体特征，成为介于非营利组织和商业组织之间的连续体，二者的交叉也在相应的实践中呈现出动态性演变，这一演变的趋势可以解释各国社会企业的形态及目标选择，也可以作为分析各国社会企业的基本坐标。对于我国社会企业的类型特征，学者们也在连续体的框架下，把其具体化为现实的存在形态。大致来看，比如现有的社会福利企业、民办非企业单位、合作社都被归为社会企业的范畴，而分类的依据亦在欧美社会企业的分类标准框架内。

### 三、社会企业的生存要件和政策机制

社会企业的兴起和发展，因各国情况不一呈现出特定的运作模式。欧美社会企业的发展在双重底线的指引下，仍难以突破结构性的弱势困境，为了突破双重底线的发展可能，欧美社会企业逐渐朝向三重底线发展，而这亦成为社会企业发展的趋势。中国社会企业的发展更要在借鉴国外经验的基础上，建立和完善促进我国社会企业发展的政策框架。因此，社会企业的生存机制考察也成为社会企业研究的重要内容之一。学者们对于社会企业的生存机制和政策体制的研究主要集中于两个方面：其一，从不同国家社会企业设立条件和法律要件角度出发，分析各国社会企业成立应当满足的法律条件及相应的法律规制。具体比较见表 8。

表 8 各国立法对于社会企业设立条件的比较<sup>⑥</sup>

项目 国别类型	社会目标	向市场提供产 品和服务	持续性的产 品和服务	利润分配 禁止	组织属性
美国	是	是	是	是	非营利组织
英国社会公益公司	是	是	是	否/但有限制	难以确定
芬兰社会企业	是	是	是	是	营利组织
意大利社会企业	是	是	是	是	非营利组织
韩国社会企业	是	是	是	是	非营利组织
中国的福利企业	是	是	是	是	营利组织
中国的民办非企业单位	是	是	是	是	非营利组织

其二，相关研究主要集中于对社会企业发展的相关政策机制的讨论。强调政府作用，提出要完善相关的制度设计，设立相应的政策机制，保障和促进社会企业的发展。

余晓敏、丁开杰指出，中国社会企业的发展路径受到来自政府、公民社会、市场、国际机构等多重驱动力量的影响。同时，不同影响主体的作用方式一方面存在显著差异，另

一方面在跨部门合作、社会投资、支持服务体系等因素上又存在不同程度的交叉。沙勇指出，中国社会企业发展缓慢，存在观念、法律、实践及人才困境，社会企业作为社会创新领域的最新动态，要制定推动社会企业发展的法律及政策措施，要营造发展社会企业的文化氛围、建立规范引导社会企业发展的法律体系、建设相应的行政管理体制、培养符合中国国情的社会企业家队伍。

李衍儒、江明修在详细介绍英国和港台社会企业的发展经验的基础上指出，社会企业有利于社会资本积累和公民社会的发展，要提升对社会企业的认知和重要性讨论；鼓励学术界进行社会企业的基础研究和本土调查；重建公民权利义务关系及营造公民社会，优化社会企业发展环境；政府政策要考虑社会企业的功能，建立民主治理的典范。官有垣认为社会企业的成功，除了获取经费援助，相关专业知识的引进、专业人力的维系与产品质量的坚持，管理能力的养成，都是重要因素。林怡君针对台湾社会企业的发展，从实务和政策两个层面深入分析了组织发展与政策互动的直接关系，建议能从政府政策支持、责任主体和法律定位等方面给予关注，推动社会企业的发展。

赵萌通过对英国社会企业的研究也指出，政府要制定推动社会企业发展的政策措施：加强政府有关部门之间以及与各利益相关方的协同合作；加强对中国社会企业领域的研究；建立鼓励、规范和引导社会企业发展的法律法规体系；宣传推广社会企业的概念和成功案例，增强社会企业的社会认识度和信任感；与利益相关方合作，为社会企业提供资金、信息和能力支持；培养年轻一代的社会企业意识和建立实践机制。彭秀丽通过对国外社会企业及社会企业创业理论研究的分析，认为社会企业家通过持续的创新，用商业规则解决社会问题，有助于弥补政府和市场对社会弱势群体社会服务提供的不足，建议我国加强相关制度建设，为社会企业创业和发展创造良好的制度环境。

社会企业的发展除了外在政策、体制环境外，自身能力提升也必不可少。有学者指出，社会企业的成功取决于三个要素：有可操作性的好想法，以获得种子资金；真正懂管理、懂营销的专业团队；将企业运营与公益设想进行适度分离，在项目运作中不被商业利益迷乱思路，知道“行动的边界”。

对于我国社会企业的生存机制，如果依照金锦萍对于我国社会企业的分类，那么现有的民政部《福利企业资格认定办法》以及《民办非企业单位登记管理暂行条例》对于福利企业和民办非企业的设立都有明确的规定。中国社会企业的设立程序因其所要采取的组织形式的不同而有所差异，不同形式的社会企业则受相应规章制度的约束。对此，余晓敏等学者也认为，中国尚未颁布有关社会企业的专项法律，目前社会企业所采取的法律形式迥异，各类社会企业在所有权、税收减免、利润分配、治理模式等方面具有不同的特征。

综上，学者们对于社会企业的设立条件和相关政策机制进行了诸多论述，从法律、政策、社会企业本身及相关的社会环境等方面给出了建议，这预示着社会企业发展的未来努力方向。

## 结束语

综上所述，国内外学术界对于社会企业的研究取得了一批有价值的成果。相比而言，欧美国家的社会企业研究无论从理论、方法还是实证研究来说都更加成熟，中国社会企业的研究则台湾地区相对活跃。由于各国政治、经济状况的多样性，对于社会企业的研究核心——概念界定一直存在持续性的争议，而社会企业的几个关键问题比如社会企业的组织形态、组织属性的界定、是否限制利润分配等问题也因各国情况不一而有所不同。国外相对成熟的社会企业研究理论和实践给予中国社会企业研究提供了值得借鉴的宝贵财富，但也应该注意的是，国外有关成果都是以发达国家为背景，是不同经济社会类型下的研究。对于我国的研究者来说，在借鉴国外社会企业理论及实证研究方法的基础上，根据我国国

情，加强对我国社会企业的本土化研究则是当务之急，最终把企业送上绝路。但是，这并不影响多元企业文化发展的趋势和广阔的前景。相反，正是由于其存在这些缺点，才使得众多的企业管理者进一步去了解分析，并逐步完善。因此，多元企业文化是企业文化发展的必然趋势，也是企业走向国际舞台的重要标志。所以，企业应该采取以下主要措施，处理好多元文化：一是要正确区分主文化和亚文化、强文化和弱文化，正确处理好两者的关系；二是尊重、支持并积极推动亚文化的发展，以发挥其对主文化的促进作用；三是创造包容和谐的工作环境，支持多元的企业文化；四是不断地为企业文化增添新的内容，提高企业文化的生命力，根据企业战略审时度势地促进主亚文化、强弱文化之间的转换。

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