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# The Exploration of China's Social Enterprise Certification Standards

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Since 2004, theories of foreign social enterprises have begun to be introduced to China in the form of forums and seminars. In particular, David Burnstein's *"How to Change the World: the Power of Social Entrepreneurs and New Ideas"*, the publication of the Chinese version of Charles Reidbit's *"The Rise of Social Entrepreneurs"* in 2006 and the *"Father of Microfinance"* Mohammad Yunus' visit to China has made social enterprises a hot topic for the academic, practical, charitable, and media communities. This has further promoted the development of social enterprises in China. So far, Chinese social enterprises have experienced decades of development. Many scholars and practitioners have explored social enterprises, and Chinese social enterprises have also made remarkable achievements, such as the Shenzhen Youyou Group, Tianjin Hetong Nursing Home, Fujian Golden Sun Elderly Service centers, etc. They are successful social enterprise cases.

However, the development of Chinese social enterprise theory and practice is still at an

exploratory stage. The development of Chinese social enterprises also faces enormous challenges. There are both reasons for social enterprises themselves and reasons for external support for the environment. However, whether for internal or external reasons, social enterprises must first obtain legal status if they want to achieve long-term development. Currently, China lacks policies and regulations to identify social enterprise and even the government's official documents rarely mention the concept of "*social enterprises*". In recent years, some civil society organizations have drawn on the experience of Europe, the United States, and Hong Kong, and have formulated social enterprise certification standards in conjunction with actual conditions and actively carried out the identification of social enterprises. "*The Social Enterprise Cultivation and Incubation Support Plan*" of the Shunde Social Innovation Center and the "*China Cixi Exhibition Social Enterprise Certification Method*" at the Shenzhen China Charity Exhibition Center.

The Shunde District Social Enterprise Cultivation and Incubation Support Plan was launched in September 2014 by the Social Innovation Center of Shunde District and are the first domestic social enterprise standard for the purpose of social enterprise certification, "*Accelerate by Evaluation*". In 2015, it took the lead in launching the social enterprise certification in China. The review mainly included two links: field visits and comprehensive review. The social goals, social benefits, business models, economic benefits, management structure, democratic participation, and profit distribution of social enterprises were targeted for comprehensive considerations in many aspects. The first social enterprise certification identified a total of 3 social enterprises and 6 quasi-social enterprises. The scope of business is concentrated in the field of disability. In 2016, according to the practical situation and opinions of all parties, the Social Innovation Center released the "*Supporting Plan for Social Enterprise Cultivation and Incubation in Shunde (Revised Edition)*", and launched the second social enterprise certification work in the same year to conduct hierarchical certification for participating social enterprises. It is divided into A grade, AA grade, AAA grade.

In September 2015, China Charity Exchange Exhibition released the "*China Charity Exchange Exhibition Social Enterprise Certification Procedure (Trial)*" (hereinafter referred to as the "*CCF certification*"). This certification method was developed by the China Charity Exchange Exhibition Development Center in Shenzhen, the Peking University Civil Society Research Center, and the Chinese public welfare research. The unofficial certification jointly initiated and supported by the Institute, the Social Enterprise Research Center, and the Southern Capital Foundation has opened the first national social enterprise certification. The CCF defines the social enterprise as a business means and a social organization that aims to establish a purpose and a goal for the sustainable resolution of specific social issues. According to its definition of a social enterprise, an institution that applies for social enterprise certification needs to meet five basic conditions, including organizational goals, sources of income, profit distribution, staff structure, and registration information. After two certifications in 2015 and 2016, a total of 23 organizations have obtained social corporate identities, of which the second certification has adopted the method of hierarchical certification for the first time. According to the latest news, the 2017 CCF certification standards will be further improved, involving the adoption of different certification standards

and procedures for social organizations and enterprise applicant organizations, lowering the threshold for certification, and prioritizing the social goals in the governance structure, solving social issues in a creative way, follow-up service support, etc.

The first social enterprise awards ceremony sponsored by China Social Enterprise and Social Investment Forum was held in Beijing on June 12, 2017. The Social Enterprise Award is aimed at "*discovering outstanding representatives of Chinese social enterprises, looking for companies that focus on social pain points, and setting a benchmark for the social enterprise industry*". The purpose is to recognize and encourage innovative solutions to major social issues facing China in a large-scale and systematic way. The selection criteria are divided into six major systems, including social mission, social influence, business model, innovation, core team resources, and sustainability. There are 19 secondary indicators. To some extent, this is also considered a social enterprise certification.

When compared with the social enterprise certification standards of the Shunde Research and Development Center and China Charity Exchange Exhibition, the Social Enterprise Awards have higher standards, stricter requirements, and more comprehensive evaluations. The Social Enterprise Award is China's first internationally leading concept and the highest award for Chinese social enterprises. It does not apply to the certification of general social enterprises. However, some of its indicators can provide a strong reference for civil society organizations to improve the social enterprise certification standards.

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