

# Social Value Chains: A New Organizational Framework for Studies on State-Society Relations in China

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In the past three decades, many studies have emerged to conceptualize the changing state-society relations in China. Yet, less attention has been paid to what kinds of social sector organizations these competing or conflicting studies were empirically examining. This lack of a synthesis of the organizational foundations of these studies has resulted in fragmentation and weak generalization of the arguments on Chinese state-society relations. To address this issue, this article systematically reviews the organizational bases in the extant literature on the Chinese state-society relations. It then constructs an inclusive organizational framework, social value chains (SVCs), for future research by combining two mainstream organizational forms in extant research with two understudied organizational types. This new organizational framework includes four types of social sector organizations: infrastructure organizations, financial organizations, support organizations, and operating organizations. This article concludes by revealing potential applications of the new organizational framework to guide future research on state-society relations in China.

**Keywords:** social value chains, organizational framework, state-society relations, China

## INTRODUCTION

Before the 1970s, the “state-society relationship” was a casual term rather than a theoretical framework (Zhao, 2000) or a research theme. At that time, the dominant theories and research were largely centered on society or social issues (Skocpol, 1985; Zhao, 2000). After Skocpol’s (1979) classic work on the role of the state in social revolutions was published, state-centered research blossomed in social sciences (Zhao, 2000). The state-society relations gradually became a research field, as researchers were interested in exploring the patterns of interactions and linkages between the state and society, as well as the emergence of new organizational forms (Minkoff, 2002).

The research on Chinese state-society relations also began with the dominance of society-centered research, particularly on non-governmental organizations (NGOs), and then paid greater attention to the state side.

With the landscape of NGOs changing rapidly and more data becoming available to researchers, the recent trend is that more scholars are striving to combine the strengths of both society- and state-centered approaches. This has made the conceptualization of state-society relations one of the longest-lasting debates in the past three decades. Generally speaking, studies on state-society relations investigate how, why, to what extent, and through what mechanisms, the state and society interact and influence each other.

Over the past three decades, many studies have emerged to conceptualize the changing state-society relations in contemporary China. However, less research has critically examined what kinds of organizations in these studies were examined. Investigating different organizational types, not surprisingly, leads to different arguments and conclusions in the research. Many competing and conflicting arguments are, in fact, based

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on different types of social sector organizations, that have different relations with the state. The lack of an awareness or synthesis of the organizational foundations of these studies has hindered a consensus in this field and impeded substantial theoretical advancements on China's state-society relationship.

We therefore ask: which types of social sector organizations are examined in previous research on state-society relations in China? How can the organizational foundations of extant research be integrated into a coherent and inclusive framework for future research? This research aims to address these two questions.

The organizational framework is essential in examining and conceptualizing state-society relations in China. Existing studies usually distinguish social sector organizations either based on their background (grassroots, government-organized, or hybrid) or in terms of their issue areas or working fields (e.g., environment, health, labor, migration, education, community service etc.). However, the lack of a consistent organizational framework leads to the results based on grassroots organizations not being applicable to government-organized NGOs (GONGOs), and vice versa. Similarly, the findings based on environmental or labor NGOs may not apply to human service NGOs in terms of their relations with the state. It is not sufficient to rely on one or two types of social sector organizations to make generalizations of state-society relations in China. Instead, we need a landscape view of all types of social sector organizations, or an organizational continuum, to overcome the limitations of the extant typology of social sector organizations in conceptualizing Chinese state-society relations. This inclusive organizational framework can pave the way for the emergence of an overarching, uniform, and a more consistent theorization of state-society relations in China.

To construct such an integrative framework, this research categorizes social sector organizations in terms of their structural functions rather than their backgrounds or issue areas. A Structural function is universal.<sup>1</sup> It is based on the labor division in the

social sector. Some organizations primarily deliver frontline work. Some organizations offer technical and management support. Some organizations focus on providing financial resources, and some organizations build institutional, legal, and sectoral infrastructure. No single organization can sufficiently and perfectly undertake these functions all at once. They have to interact and collaborate with upstream and downstream organizations to address social problems, meet social demands and create social values.

To conceptualize the interactions and collaborations among social organizations, this article proposes a new organizational framework, namely "social value chains" (SVCs). SVCs consist of four general types of organizations: operating organizations, support organizations, financial organizations, and infrastructure organizations. The four types of organizations can establish a series of chain-shaped interactions and collaborations, from downstream to upstream, to address social problems, meet social demands and create social values. Therefore, this research conceptualizes them as "social value chains." The coin of this term was inspired by similar concepts, such as "supply chain" (Metz, 1998), "value chain" (Porter, 1985), "hybrid value chain" (Drayton & Budinich, 2010), and "innovation value chain" (Hansen & Birkinshaw, 2007). These chain-related terms refer to value creation and collaborations among organizations in the private sector, while social value chains highlight social value creation and collaborations among social sector organizations.

To build an inclusive organizational framework for studies on state-society relations in China, this article systematically reviews the existing literature on state-society relations. The literature can be categorized into three groups of theoretical frameworks: civil society, corporatism, and hybrid models. Then, this article unfolds and summarizes the organizational foundations of the literature, and combines these

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<sup>1</sup> Structural functionalism has been employed in examining the typology of the nonprofit sector. For example, Frumkin (2002) summarizes the four functions of nonprofit and voluntary actions as service delivery, civic and political engagement, values and faith expression, and channeling entrepreneurial impulses.

organizational types with two emerging ones to build an inclusive and coherent organizational continuum. Finally, this article concludes by revealing potential applications of the new organizational framework to guide future research on state-society relations in China.

## LITERATURE REVIEW

In the reviews of existing literature on state-society relations in China, most can be grouped into three categories: civil society, corporatism, and hybrid models. This section provides a systematic review of the literature with particular attention to organizational foundations.

### **Civil Society**

The roots of civil society notion can be traced back to as early as 1835 when Alexis de Tocqueville wrote *Democracy in America* (Tocqueville, [1835] 2000). Since then, civil society has gradually become a mainstream model to understand NGOs and their relations with the state in developed societies. It is also regarded as an ideal model for developing countries. Now the term civil society is widely utilized in various contexts from academia to mass media and political debates. This has made it probably one of the most ambiguous and controversial concepts in the world (Edwards, 2004).

Since the end of the 1970s, when the market-oriented reform was initiated, the notion of a civil society was introduced in China to explain its rapid social changes. Civil society thus became popular in many sociological and political studies on China (Chamberlain, 1998; Gold, 1990; Gu, 1993; Huang, 1993; White, Howell, & Shang, 1996). Some scholars have been interested in examining the autonomy and independence of various issue-based NGOs, including women's organizations (Du, 2004; Howell, 2004), trade associations (Q. Ma, 2002), environmental NGOs (Saich, 2000; Tong, 2005), and rural NGOs (Zhang & Baum, 2004). Some have focused on the relations between civil society and the media (Murphy, 2011) or Internet (Yang, 2007). Some have investigated the implications of the rapid growth of NGOs for the democratization and

good governance in China (Brook & Frolic, 1997; He, 1997; Q. Ma, 2006; Nee, 1989; White, 1993; White et al., 1996; Yang, 2005)

The earliest application of a civil society approach in China was by Stubbe (1989) and Gold (1990). Stubbe (1989) regards the organizations of discontented workers and students as a civil society. Similarly, Gold (1990) argues that the events of Tiananmen Square and the period since 1978 reveal the emergence of a civil society based on observations on student organizations, independent salons, intellectual activities, private business enterprises and religious groups.

The first study testing the usefulness of a civil society in the Chinese context is White's research on the role of social associations in Xiaoshan City of Zhejiang Province (White, 1993). White observes that, compared with old mass organizations created by the state and embodying state control, new social associations had a limited influence on the state and policies for their members in the early 1990s. White then claims that these mass organizations could not be regarded as pressure groups or interest groups in terms of the western notion of a civil society, and few of them could be described as a civil society (White, 1993). In the subsequent book *In Search of Civil Society*, White and his colleagues further argue that a civil society "is a question of degree, rather than either/or" (White et al., 1996, p.6).

In the early 1990s, many scholars were inspired by studies interpreting what had happened in Eastern Europe. They regarded a civil society as a crucial factor and subsequently looked for a civil society in China. Yet other scholars, including Philip Huang and Eileen Otis, took an alternative approach by using cultural contextualized concepts, such as the third realm (Huang, 1993) and Guanxi civility (Lo & Otis, 2003), rather than civil society, to refute the binary opposition between the state and society in the Chinese context.

As more empirical materials became increasingly available for academic research, scholars made some modifications on the conventional notion of a civil

society in the Chinese context. Frolic (1997) suggests a “state-led civil society” in which myriad social organizations and quasi-administrative institutions are created top-down and support the state in its economic development and modernization (p.56).

Baogang He proposes a “semi-civil society” (He, 1997) and a “nascent civil society” (He, 2003), as he observes that social organizations have dual functions, that both exert state control and enhance state legitimation. Likewise, Chan, Qiu, and Zhu (2005) claim that there is a “civil society in the making.” In a review essay, Chamberlain (1998) reflects on the tendency to switch the “essentially western-based notion of civil society” to a “civil society with Chinese characteristics.” He contends that if one fails to detect western-style civil society in China, researchers should not stretch the concept of a civil society (Chamberlain 1998, p.81).

Based on a case study of a rural NGO (the Sanchuan Development Association of Guanting Township in Qinghai Province), Zhang and Baum (2004) assert that it was a genuine non-state organization. They argue that it represents an emergent civil society in China, as sizeable and understudied grassroots NGOs work in poverty alleviation, environmental protection, migrant worker issues, education, and community development in the poorer regions of China.

Q. Ma (2002) claims that the power of the Chinese state continues, while its capacity to control NGOs declines. Furthermore, Q. Ma (2006) contends that the development of NGOs since the late 1970s has facilitated the formation of a civil society in China. Her research is based on the environmental protection movement, advocacy for victims of AIDS and drugs, organizations for women’s rights, and the HOPE project for children in deprived rural regions.

Teets (2009) examines NGOs involved in the Sichuan earthquake relief and finds that the public participation in these relief efforts has strengthened the development of a civil society. The reason is NGOs’ increased professionalism, publicity, and interactions with the local state. Teets (2009) also reveals the trust and capacity deficit between NGOs and their governing

institutions in the earthquake relief.

After interviewing leaders of grassroots groups, managers of international NGOs, people in environmental organizations, and some local government officials, Teets (2014) proposes a Chinese model of a civil society. It means that “civil society can bloom in the authoritarian state, when the state becomes a consultative authoritarianism in which a mutual learning process occurred” (Teets, 2014). Interactions between autonomous civil society groups and local officials help them to learn about each other’s intentions and work processes. Teets (2014) summarizes two mechanisms through which this policy learning occurs: experimentation and spreading. In other words, autonomous civil society groups can use successful experiences to inform the state and improve government policies. Teets (2017) also argues that the networks created by the civil society organizations, particularly environmental organizations, function in a similar way to their counterparts in democratic societies.

By studying the interlocked board network of Chinese foundations, J. Ma and DeDeo (2017) find that, although the foundations have loose autonomy at the individual level, they are creating a structurally autonomous sphere that goes beyond the government’s control. This autonomous sphere resembles the notion of “autonomous order” (Hayek, 2011) in a liberal society. The emerging network analysis of civil society organizations can promote the paradigm shift from the dyadic model of state-society to a more pluralist and nuanced understanding of state-society relations in China.

### **Corporatism**

When the Party-state tightened its control over NGOs after the 1989 Tiananmen Square event, an alternative approach to understanding state-society relations, corporatism, gradually gained momentum in empirical research. An often-quoted and ideal-typical definition of corporatism comes from Philippe Schmitter (he called it “neo-corporatism”):

*“Corporatism can be defined as a system of interest representation in which the constituent*

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

Scholars found the corporatist lens attractive and useful for analyzing Chinese state-society relations. This allows observers to study the opening up of diverse social spheres and the pluralization of social groups, while simultaneously acknowledging the enduring control and direction of the state in diverse social fields (Baum & Shevchenko, 1999; J. Hsu & Hasmath, 2013).

Shue (1994) utilizes the framework of state-socialist corporatism to study associations in rural China, including the Xinji Association of the Self-employed, Chive Farmers’ Association, and the Anxi County Tea Study Association. Similarly, Saich suggests the current situation of state-society relations in China could be better viewed “quasi-state corporatism.”

Pearson (1994) changes the term state corporatism to socialist corporatism by stressing China’s socialist features, as embodied in the case study of the China Association for Enterprises with Foreign Investment (CAEFI). By studying foreign-sector business associations in Beijing, Shanghai, and Guangzhou, Pearson (1997) observes that these organizations have the dual functions of state control and advocacy for members’ interests.

In retrospect of the state-corporatist transition in East Asia (such as South Korea and Taiwan), Unger and Chan (1996) reveal corporatist trends in China at three levels of organizations. They are national level (e.g., peak Union Federation and All-China Federation of Trade Unions), regional/local level (e.g., the Women’s Federation and the Federation of Industry and Commerce), and micro-level (e.g., state-run enterprises). In a comparative case study of these three

organizations in Beijing’s Chaoyang District, Unger (1996) notes that state corporatism is not equally applicable to business associations. In his three cases, for example, the Self-Employed Laborers Association and the Private Enterprises Association are controlled by the bureau, while the Federation of Industry and Commerce represents the interests of its members.

Nevitt (1996) studies two business associations in Tianjin (the Self-Employed Labors’ Association and the Industrial and Commercial Federation). He finds that the leadership and budget are controlled by the Party and the civil society notion does not apply to these cases.

Based on quantitative data compiled from two sourcebooks of registered social organizations, Minxin Pei (1998) claims that the policies toward civic associations are state-corporatist designs (p. 315). Dickson (2000) studies the logic of Party adaptation, which shows that the party-state relies less on coercion or control, and more on corporatist groups to maintain hegemony.

Some empirical studies, however, reveal that social associations are not functioning well as state corporatist actors. For example, Ray Yep (2000) studies business associations in Huantai County at Shandong province and finds they do not promote horizontal interest integration. Instead, they hinder internal integration, owing to their fragmented characteristics in organizational scales and ownership types (privately owned, collectively owned, etc.). Yep (2000) thus claims that “there may be forms of corporatism emerging in China, but not in essence” (p.548). Likewise, Foster studies the business association in Yantai City in Shandong Province and observes that these organizations are appendages of the Party-state and weak in their interests in representation and intermediation. Therefore, Foster (2002), like Yep (2000), claims that the concept of corporatism is of limited usefulness.

J. Hsu and Hasmath (2013) reformulate a corporatist framework as a “corporatist state” to study how NGOs, business associations, trade unions, and religious

associations interact with the state. In particular, they explore how new state agencies at the local level partner with and influence various NGOs and social associations. They stress the role of local states in determining the practical boundaries of NGOs. The tacit and overt sanctioning of local states indicate NGOs how and when to engage with the state (Hsu and Hasmath 2013, p.8). J. Hsu and Hasmath (2014) further note that NGOs desire to and can be co-opted by the local state, and thus the success of NGOs is determined by their interactions with the local state.

Han (2016a) revives and applies the framework of social corporatism in explaining the proliferation of nonprofit organizations (NPOs) and private foundations, and their relations with the state in China. He presents two detailed case studies on Non-Profit Incubator (NPI) and China Foundation Center (CFC), which are typical support organizations. Han (2016a) analyzes the role of the two organizations in interest representation and social intermediation between the state and NPOs and private foundations.

### **Hybrid Models**

To balance the tendency to overemphasize the top-down influence by the state in corporatism and the oversimplification of civil society in essentially complex contexts, Saich (2000) investigates strategies adopted by several NGOs. Based on the studies of three cases (China Family Planning Association, Friends of Nature, and Rural Women Magazine), Saich (2000) shows how these organizations negotiate with the state to influence policy making and agenda setting.

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

Yiyi Lu (2009) surprisingly claims that the loosening of state control leads to an “uncivil society” in China.

She proposes “dependent autonomy” to capture the nature of state-society relations in the reform-era China. She argues that social sector organizations gained substantial autonomy from the state, but they depend on the state for support and resources. By strengthening public relations, fundraising skills, and strategic management, some skillful organizations can draw support from the state and simultaneously maintain autonomy (Lu, 2009).

In the model of “regulation, negotiation and socialization,” Shieh (2009) criticizes civil society and corporatist perspectives. He suggests it would be better to discuss state-society relations under different contexts and dynamic negotiation ways, though the state control on NGOs and the pursuit of organizational autonomy both exist (Shieh, 2009).

Shue (2011) reveals that in the social experiment of establishing “charity supermarkets” to assist the urban poor in Tianjin, “mutual empowerment” of state and society have the potential to achieve in China. The condition is that the state strengthens the self-organization of social groups, while it also enhances its governance capabilities.

Based on fieldwork in Guangzhou and interviewing 31 grassroots NGOs, Anthony Spires (2011) studies the survival strategies of grassroots NGOs and finds that they have formed a “contingent symbiosis” with local governments. He points out that the seemingly illegal NGOs can survive in an authoritarian state depending on information censorship, NGOs refraining from democratic claims and meeting social needs, and support from certain state agents.

Drawing on insights of Migdal’s state-in-society approach (Migdal, 2001), Fulda, Li, and Song (2012) studied strategies used by a grassroots NGO, Shining Stone Community Action in Beijing, to improve the constrained state-society relationship. They argue that NGOs can initiate open-ended communication, consultation, and cooperation with the local state. These strategies can facilitate an incremental shift from the state control to the cross-sector collaboration or network governance.

Based on a comparative analysis of grassroots NGOs in the three issue areas (environmental protection, HIV/AIDS prevention, and gay and lesbian rights), Hildebrandt (2013) claims that NGOs strengthens the state, instead of weakening it.

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

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

Howell (2015) notices that there is a shift in state strategies towards some labor NGOs from either repression or tolerance to co-optation in providing services to migrant workers. She argues that this is a part of “welfarist incorporation” to build social contracts between the state and NGOs, which has two key elements: relaxation of registration regulations and government purchases of services from social organizations.

Han (2016b) conceptualizes the two new tendencies emerging in Chinese social organizations (social entrepreneurship and achieving government contracts for purchasing services) as “social marketization” and compares it with civil society and corporatism. Based on 2,588 social organizations including social associations, nonprofit organizations, and foundations, the results of regression analyses show that social marketization is positively related to the

perceived influence of SOs on government policies (Han, 2016b). Organizational autonomy is negatively associated with the perceived policy influence and policy change, while corporatist connections are not statistically significant (Han, 2016b). Han (2017b) further draws on the data of 44,109 charities and social enterprises from the United Kingdom to test the social marketization thesis. It comes to the same conclusion that social marketization is positively contributing to the policy influence of third sector organizations.

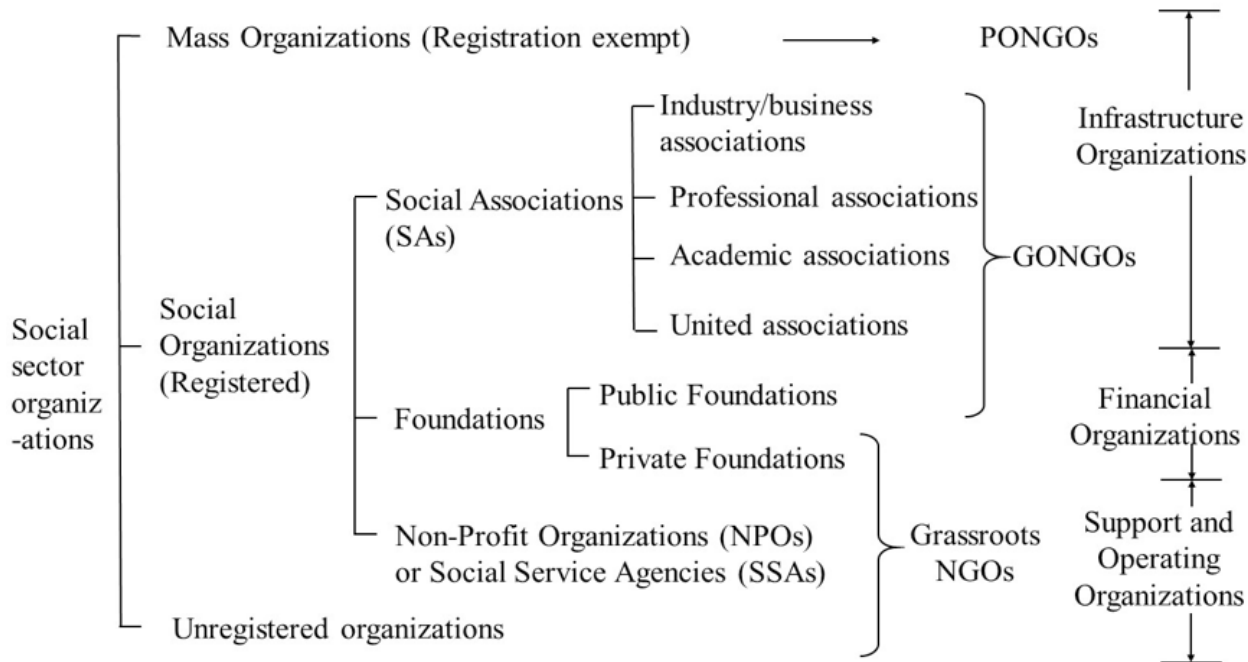
### **Summary**

While existing studies provide valuable insights into certain aspects of NGO-state relations in China, their organizational foundations are not systematically examined. The Appendix summarizes the theories, conceptualizations, key literature, and specific organizations studied, and then it identifies their organizational foundations in the last two columns of the table. The references listed in the appendix are illustrative and not exhaustive.

As summarized in the Appendix, the empirical evidence of studies in the group of the civil society approach is primarily based on grassroots organizations. The organizational foundations of corporatist literature are often government-organized NGOs (GONGOs) or social associations (SAs), though recent literature expands it to grassroots organizations. Studies using hybrid models rely on evidence from either GONGOs or grassroots organizations, accompanied with new literature engaging with emerging organizational forms. Almost all existing studies of state-society relations are based on one or two types of social sector organizations. However, none of them have established a comprehensive organizational continuum in the social organization sector.

The following section reviews the legal framework and typologies of social sector organizations. It then integrates the organizational foundations of existing research and two emerging types of organizations in China into a new organizational framework, social value chains.

**Figure 1. The Legal Framework and Typologies of Social Sector Organizations in China**



**SOCIAL VALUE CHAINS**

**Legal Framework and Typologies of Social Sector Organizations**

Before establishing a coherent continuum of organizations, we take a bird’s eye view of the legal framework and existing typologies of social sector organizations in China. In terms of the legal status, social sector organizations can be divided into three categories: mass organizations (registration exempt), social organizations (legally registered), and unregistered organizations, as demonstrated in Figure 1.

**Mass organizations** (群众组织) are usually created or organized by the Party, and are exempt from the registration at the Ministry of Civil Affairs. They can be regarded as Party-organized NGOs or PONGOs. Mass organizations include but are not limited to the eight nationwide umbrella organizations. They are Labor Unions (工会), Communist Youth League (共青团), Women’s Federation (妇联), Federation of Youth (青联), Association for Science and Technology (科协), Federation of Returned Overseas Chinese (侨联), Taiwan Compatriots Association (台联), Federation

of Industry and Commerce (工商联).

**Social organizations** (社会组织) or charitable organizations (慈善组织) are registered non-governmental and non-profit organizations, consisting of three sub-categories.

(1) Social associations (SAs, 社会团体) are membership-based social organizations. They include four sub-groups: industrial associations (e.g. car association, iron association, etc.), professional associations (e.g. engineers association, women entrepreneurs association, etc.), academic associations (e.g. sociological association, economics association, etc.), and united associations (coalitions of associations). The majority of SAs was initiated or founded by government agencies. They are thus often viewed as government-organized NGOs or GONGOs, although more SAs have been established through bottom-up efforts since 2010 (Han, 2016a).

(2) Foundations (基金会) are charitable organizations specializing in fundraising and grant-making, including public foundations and private foundations. Public foundations can raise funds



openly from the public, while private foundations are not legally permitted to solicit funds from the public and can rely on private capital. Historically, public foundations are usually established by the government or government-affiliated organizations. Private foundations are established by individuals, families, corporations, or universities (Han, 2016a).

(3) Non-profit organizations (NPOs, somewhere translated as “private non-enterprise units” or “civil non-enterprise institutions”, 民办非企业单位) or in the latest term, Social Service Agencies (社会服务机构) are social service providers or grassroots NGOs. They include private schools, private hospitals, elderly care institutions, environmental organizations, health care groups, not-for-profit research institutes, organizations serving migrant workers, and so on and so forth (Han, 2016a).

Unregistered organizations include neighborhood organizations (urban residents’ committees, rural village committees, and property owners’ committees), student associations, and interest clubs. Some of them are required to file a record (备案), but do not need to register formally. Researchers estimate that the unregistered NGOs in China range from two million to 10 million, depending on the method of calculation (Guo, Jun Xu, David Horton Smith, & Zhang, 2012; C. Hsu & Jiang, 2015).

Based on the legal framework and existing typologies of social sector organizations and the prior work on organizational forms (Han, 2011; Yan & Han, 2015), this research constructs a new typology of social

sector organizations, namely “social value chains”. SVCs combine organizational bases of existing literature and two emerging organizational types (financial organizations and support organizations) into a coherent continuum. Social value chains consist of four general types of social organizations: infrastructure organizations, financial organizations, support organizations, and operating organizations, as demonstrated in Figure 2.

### **Social Value Chains**

Infrastructure organizations, often called umbrella organizations or meta-organizations (Ahrne & Brunsson, 2008), usually provide institutional or legal infrastructure to enable frontline organizations to deliver services more effectively and even represent them in the policy-making process. They can be established either in a top-down way by the state or in a bottom-up way by the growth or maturation of social sector organizations.

There are no precise statistics of infrastructure organizations in China. Yet it can be estimated in terms of the number of mass organizations and social associations. The total number of the eight nationwide mass organizations and their branches was estimated to be seven million (Jia, 2010). In terms of social associations, as shown in Figure 3, the number of SAs grows from 4,446 in 1988 to 335,932 in 2016 (Ministry of Civil Affairs, 2017a).

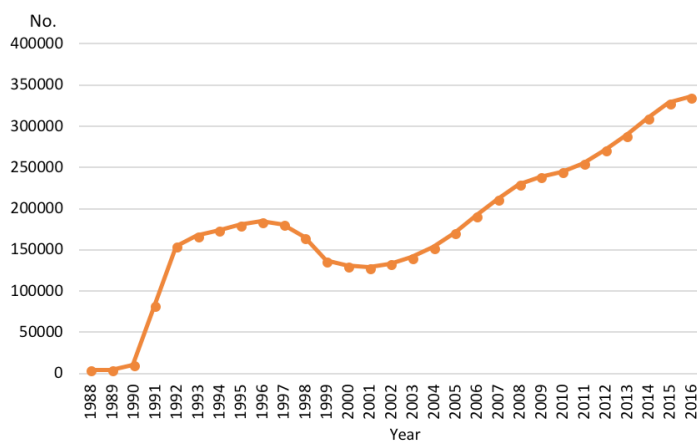
Infrastructure organizations are not simply equal to mass organizations or social associations. Only when these organizations provide institutional, legal, or sector support for other social organizations, particularly operating organizations, can they be viewed as the infrastructure for other social sector organizations.

The functions of financial organizations are raising funds, making grants, and evaluating impacts. They pay for socially valuable services delivered by frontline operating organizations.

**Figure 2. Social Value Chains**



**Figure 3. The Number of Social Associations in China (1988-2016)**



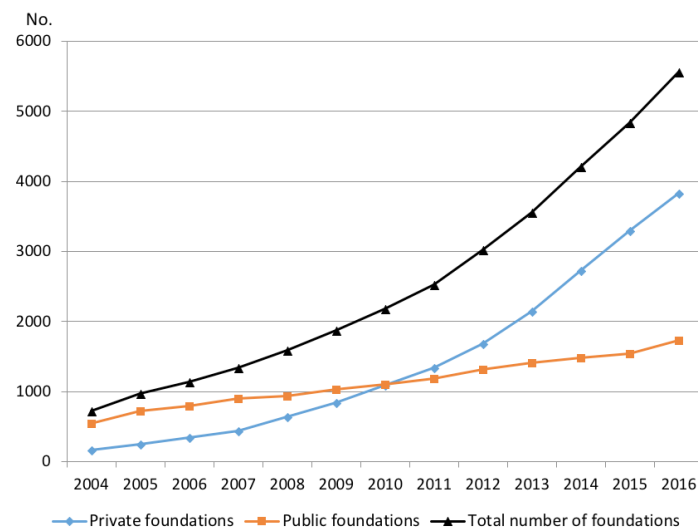
Data source: China Civil Affairs Statistical Yearbook (1989-2017)

In the social sector, they are often incorporated as foundations. In China, foundations are usually divided as public foundations and private foundations. Community foundations that started in the United States of America and spread around the world, including the United Kingdom, have recently emerged in China as well (Han, 2017a). Social investment agencies in the private sector can function as financial organizations too.

In 2004, the *Regulation on the Administration of Foundations* was promulgated in China. It differentiates foundations into public fundraising foundations and private fundraising foundations, or public foundations and private foundations for short. Public foundations can raise funds openly from the public, while private foundations rely on private funds. Since the release of the regulation in 2004, foundations have sprung up like mushrooms in China. As shown in Figure 4, foundations have increased dramatically in the past 10 years, from 722 in 2004 to 5,559 by 2016 (Ministry of Civil Affairs, 2017a). Foundations and social investment agencies are financial organizations for support organizations and operating organizations in China.

In contrast to infrastructure organizations and financial organizations that provide institutional and

**Figure 4. The Number of Foundations in China (2004-2016)**

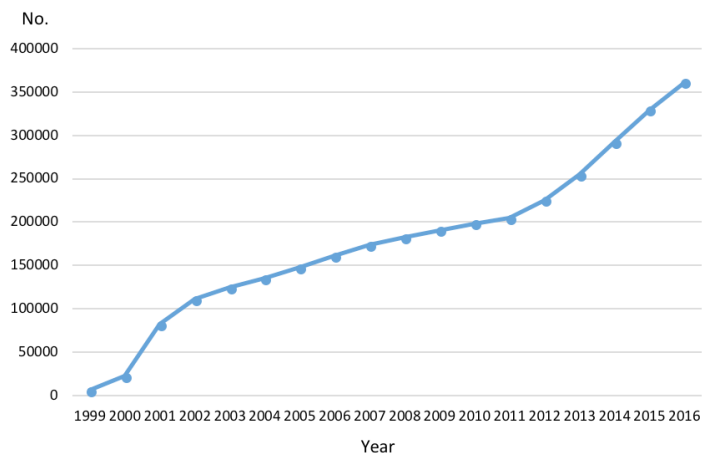


Data source: China Civil Affairs Statistical Yearbook (2005-2017)

financial resources, support organizations (Brown & Kalegaonkar, 2002) deliver a variety of support services for operating organizations. These include incubation, capacity-building, management consulting, bespoke mentorship, information dissemination, knowledge exchange, physical and virtual space provision, market research, and so on. Support organizations usually do not undertake frontline work in delivering social services for end-users.

In China, non-profit incubator (NPI) is probably one of the earliest and most renowned support organizations (Han, 2016a). NPI was founded in 2006 to tackle two urgent issues facing grassroots NGOs: resource scarcity and legal registration. It provides multiple support services to NGOs, including capacity-building training, pro bono working space, and small grants for operations. NPI has channeled resources from financial organizations, mainly private foundations and corporations, to relieve the resource scarcity of incubated NGOs, and it empowered incubated NGOs to register and bid for government procurement of services (Han, 2016a). Therefore, NPI is a typical support organization linking operating organizations to financial and infrastructure organizations.

**Figure 5. The Number of Nonprofit Organizations in China (1999-2016)**



Data source: China Civil Affairs Statistical Yearbook (2000-2017)

In addition to NPI, a growing number of similar incubators for social organizations is emerging in China. By the end of June 2013, the total number of social incubation bases was 56 (Wang, 2013). In terms of the size and geographical distribution of these social incubation bases, Shanghai had the highest number 17, and Guangdong and Jiangsu had 10 respectively. Zhejiang had five and Beijing had three incubation bases. Other provinces such as Tianjin, Anhui, Hunan, Hubei, Liaoning, Shandong, Shanxi, Sichuan, and Jiangxi, have at least one nonprofit incubation base (Wang, 2013).

Operating organizations, often existing as grassroots NGOs or registered as nonprofit organizations (NPOs), undertake frontline services in various fields. These fields include, for example, poverty alleviation, social services, environmental protection and biodiversity conservation, culture and education, physical and mental health, climate change, social work, affordable housing, and so on. Operating organizations are recipients of resources and support and use them to directly finance their operations and service delivery.

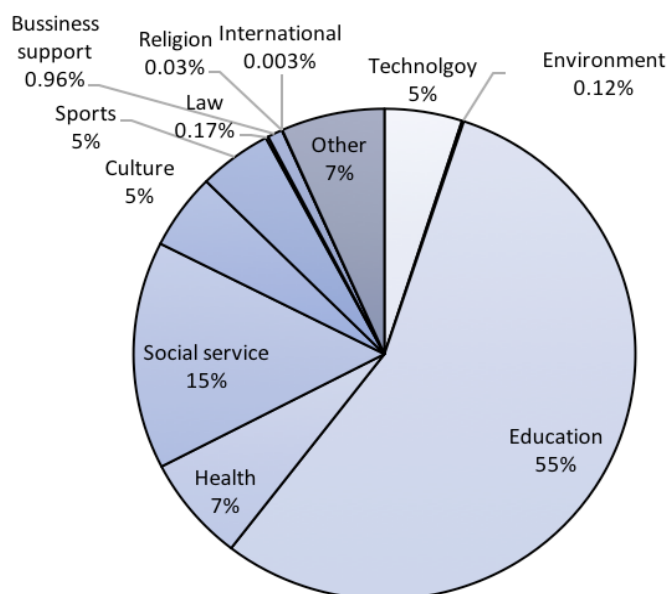
According to the official statistics, as shown in Figure 5, there were only 5,901 NPOs in 1999, which was the first year NPOs were permitted to register in China. By the end of 2016, the number of NPOs had

jumped almost 61-fold to 360,914 (Ministry of Civil Affairs, 2017a). The growing trend of NPOs in China is presented in Figure 5.

In terms of working fields or issue areas, as shown in Figure 6, in 2016, 55% of NPOs were working in the field of education, 15% of NPOs in social services, and 7% in health. NPOs working in technology, culture, and sports constituted 5%. NPOs in business support, religion, law, and environment are less than 1% of all NPOs (Ministry of Civil Affairs, 2017b). Thus, education, social services, and health are the three largest issue areas in which NPOs work.

Research on Chinese social organizations tends to focus on grassroots organizations in marginalized issue areas, for example, environmental protection, HIV/AIDS prevention, gay and lesbian rights, or international organizations (Hildebrandt, 2013). Yet the proportions of environmental organizations and health organizations (including HIV/AIDS organizations and gay and lesbian groups) in overall NPOs were only 0.12% and 7%, respectively, in 2016. The proportion of international organizations was even tinier, only 0.003%. The majority of grassroots

**Figure 6. Issue Areas of Nonprofit Organizations in China 2016**



Data source: Ministry of Civil Affairs (2017b)

organizations were working in the fields of education and social services, making up 70% of overall NPOs. Therefore, prior research based on NGOs working in marginalized issue areas faces difficulty in generalizing their findings or conclusions on state-society relations. An inclusive organizational framework is in demand.

### ***Application of Social Value Chains: Two Brief Examples***

Social value chains can be applied to analyze how a community or a network of social sector organizations forms, interacts, and collaborates, and how social organizations influence government policies. Based on the prior research (Han, 2016a), we take two organizations as examples: Non-Profit Incubator (NPI) and China Foundation Center (CFC). We use the two cases to illustrate what the social value chains (SVCs) look like and how the formation of SVCs contributes to promoting policy changes in China.

Han (2016a) has examined in detail how NPI and CFC strengthen the sector integration to promote five policy changes in China. In scrutinizing the process, the key to the success of the two organizations is the formation of social value chains. After NPI and CFC established social value chains, they could address the social problems effectively because they were equipped with expertise, technical and financial support, and institutional infrastructure. When they address social problems effectively, they can promote positive social changes or create social values. With the evidence of social impacts or social values, they can persuade, inspire, or pressure the government, directly or indirectly, to make relevant policy changes. This is the process of promoting policy change in the two cases (Han, 2016a). Underlying this process, the formation of social value chains is of critical importance.

Table 1 summarizes social value chains (SVCs) establishment around NPI and CFC. In the SVCs established by NPI, incubated grassroots organizations are operating organizations. NPI and the Social Entrepreneur Magazine are support organizations. Private and foreign foundations (Narada Foundation, Ford Foundation, and Lenovo Foundation) are financial organizations. Social Innovation Park and

China Charity Fair are infrastructure organizations. When the SVCs were established, grassroots SOs' survival difficulties (legal registration and resource attainment) were, to some extent, relieved. When the positive social changes occurred, the governments could be persuaded or inspired to enact new support policies for grassroots and operating organizations.

In the SVCs established by CFC, the charity of Free Lunches for Children is the operating organization. CFC, Sina Weibo, CCTV, and People's Daily are the support organizations. Financial organizations include CFC's trustee foundations and the general public that donated money for rural children. China Social Welfare Foundation and China Development Research Foundation are infrastructure organizations. When the SVCs have been established among them, the situation of the malnutrition of rural school children is, to some extent, relieved due to the donated free lunches. This positive social change inspired or pressured the central government to enact a new welfare policy - providing free lunches to rural children (Han, 2016a).

The category that the organizations belong to depends on their main work or function in the process of social value creation. Some organizations may have multiple functions. For example, many foundations in China serve as financial organizations and also run their own programs as operating organizations (Shieh, 2017). Many large SAs and operating organizations can fund other groups that do similar work (same function) but operate in different policy areas or geographic areas, for example, Friends of Nature.<sup>2</sup> Take the organizations in the two social value chains for instance. Narada Foundations is not only financing operating organizations but also runs its own projects, and Charity of Free Lunches for Children has developed its own foundation in the subsequent years.

In sum, the organizational framework, social value chains, has a great potential for analyzing the formation of social organization community and even the ecosystem of social organizations.

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<sup>2</sup> We appreciate the anonymous reviewer who raised this important point that the some of the organizations may blur their functional lines.

**Table 1. Examples of Social Value Chains**

	<b>Infrastructure Organizations</b>	<b>Financial Organizations</b>	<b>Support Organizations</b>	<b>Operating Organizations</b>
NPI	Social Innovation Park, China Charity Fair	Narada Foundation, Ford Foundation, and Lenovo Foundation	NPI, Social Entrepreneur magazine	Incubated organizations (1Kg, Sowosky, iFAIR, Raleigh, etc.)
CFC	China Social Welfare Foundation, China Development Research Foundation	CFC's Trustee foundations, the general public	CFC, Sina Weibo, CCTV, People's Daily	Charity of Free Lunches for Children (FLC)

Source: Authors' compilation

## CONCLUSION AND DISCUSSION

Over the preceding three decades, many studies have emerged to conceptualize the changing state-society relations in contemporary China. Most of them can be categorized into three groups in terms of their theoretical approaches: civil society, corporatism, and hybrid models.

After reviewing organizational foundations of existing literature, this research finds that civil society literature is primarily based on grassroots organizations. Corporatist literature is mainly examining government-organized organizations or social associations, though recent development of corporatism engaged grassroots organizations as well. Studies using hybrid models reply in line with government-affiliated organizations and/or grassroots organizations. In brief, existing studies of state-society relations are based on limited types of social sector organizations, which results in the competing, opposing, or conflicting arguments and conclusions in the literature.

After reviewing the legal framework and different typologies of social sector organizations, this research combines two common organizational bases and two emerging types of organizations into a coherent framework, social value chains. SVCs include four general types of social sector organizations: infrastructure organizations, financial organizations, support organizations, and operating organizations.

This new organizational framework has great potential in advancing the theory and empirical research on state-

society relations in China. In the past three decades, few substantial advances were made in theorizing state-society relations in China. One of the reasons is that little research has examined the full organizational continuum between the state and society in its entirety, and no research has engaged all types of social sector organizations. Social value chains provide a coherent and inclusive organizational framework to understand the entities between the state and society, which constitutes an emerging ecosystem of social sector organizations in China. Future research can use this framework to investigate how the ecosystem of social sector organizations emerge, evolve, and interact with the government. An overarching and coherent generalization of state-society relations can emerge by adopting social value chains as the organizational framework for analysis. In this sense, social value chains may contribute to the paradigm shift from the dichotomy of state-society or control-autonomy to an ecosystem understanding of state-society relations in China.

Social value chains have some practical implications. For grassroots organizations, the formation and prosperity of social value chains can relieve their survival difficulties. The most challenging issues for nascent and small organizations are lack of funding and difficulties in registration (Han, 2016a). The connection and collaborations with support and financial organizations can ameliorate the problem of funding shortage (Han, 2016a). Through support and financial organizations, the grassroots organizations can achieve legal status through infrastructure organizations, which may formally work as supervisory

agencies or informally as the sector support provider for grassroots organizations (Han, Shah, & Gilman, Under review).

Researchers also can use social value chains to examine social organization ecosystem and relevant policies in China. Different models can be summarized based on the priority of the formation of social value chains at different geographical regions. For example, in terms of the formation of different segmentation of social value chains, Beijing represents a top-down model, Shanghai embodies a platform-led model, and Shenzhen is a bottom-up model (Han et al., Under review).

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## APPENDIX

## Summary of the Literature on State-Society Relations in China

Theory	Conceptualization	Author and Year	Organizations Studied	Organizational Foundation	Organizational Type
	Resurgence of civil society	Thomas Gold 1990	Student organizations, independent salons, intellectual activities, private business enterprises, religious bodies	Grassroots organizations	
	The third realm	Huang 1993	Civil cases from three counties in Qing Justice system	Informal/kin/grassroots groups	
	In research of civil society	White 1993; White, Howell, Shang 1996	Three major social groups (urban manual workers, women, and managers/entrepreneurs), grassroots associations in the rural areas of Xiaoshan and Nanhai	Grassroots organizations	
	State-led civil society	B. Michael Frolic 1997	Village elections, local business associations, and schools for rural children.	Grassroots organizations	
Civil Society	Semi-civil society/ quasi-civil society	Baogang He 1997	Autonomous groups in and after the 1989 Democracy, transnational coalitions	Grassroots organizations	Operating or financial organizations
	Emergent Civil Society	Xin Zhang and Richard Baum 2004	A rural NGO (the Sanchuan Development Association of Guanting Township in Qinghai Province)	Grassroots NGO	
	Paving the way to Civil Society	Qiusha Ma 2006	Environmental protection movement, advocacy for victims of AIDS and drugs, organizations for women's rights, and the activities of the HOPE project for children in deprived rural regions	Grassroots NGOs	
	China model of civil society; consultative authoritarianism; policy network	Jessica Teets 2009, 2014, 2015, 2017	Grassroots group leaders, INGO project managers, local government officials, environmental NGOs	Grassroots NGOs	
	Networked civil society	Ji Ma and Simon DeDeo, 2017	3344 foundations in China	Financial organizations	

## APPENDIX (CONTINUED)

Theory	Conceptualization	Author and Year	Organizations Studied	Organizational Foundation	Organizational Type
	State-socialist corporatism	Vivienne Shue 1994	The Xinji Association of the Self-employed, Chive Farmers' Association, Anxi County Tea Study Association	SAs	
	Quasi-state corporatism	Anthony Saich 1994	Mass organizations, business association	GONGOs, SAs	
	Socialist corporatism	Margaret Pearson 1994, 1997	China Association for Enterprises with Foreign Investment, 3 business associations in Beijing, Shanghai, and Guangzhou	SAs	
	Corporatism Chinese Style	Unger and Chan 1995; Unger 1996	Federation of Trade Unions, Federation of Industry and Commerce, Enterprise Directors' Association, Women's Federation, the Self-Employed Laborers Association, the Private Enterprises Association	GONGOs, SAs	
Corporatist Theory	Local State Corporatism	Christopher Nevitt 1996	Two business associations in Tianjin (the Self-Employed Laborers' Association and the Industrial and Commercial Federation)	SAs	Infrastructure organizations and/or support organizations
	Co-optation and corporatism	Bruce Dickson 2000	Associations for independent entrepreneurs, owners of private enterprises, enterprises with foreign investment, organized labor, writers, scientists, and other functional interests	SAs	
	Form of corporatism but not in essence	Ray Yep 2000; Foster 2002	Business Associations in Huantai county, Shandong; Business association in the Yantai city of Shandong	SAs	
	Corporatist state	Jennifer Hsu and Reza Hasmath 2013, 2014	Business associations, trade unions, religious associations, migrant NGOs (e.g. Beijing Legal Aid Office for Migrant Workers, etc.)	SAs and grassroots NGOs	
	Social corporatism	Jun Han 2016	Nonprofit Incubator and China Foundation Center	Support organizations	

## APPENDIX (CONTINUED)

Theory	Conceptualization	Author and Year	Organizations Studied	Organizational Foundation	Organizational Type
	Negotiating the state	Tony Saich 2000	China Family Planning Association, Friends of Nature, and Rural Women Magazine	SAs, grassroots organizations	
	Accountability without Democracy	Lily Tsai 2007	“Solidarity group” (temple associations and lineage group) and traditional groups in Rural China	Grassroots organizations	
	Dependent autonomy; uncivil society	Yiyi Lu 2009	Grassroots organizations, international NGOs, advocacy for victims of AIDS and drugs, organizations for women’s rights and the Hope project for children in deprived rural regions	Grassroots organizations and NPOs	
	Regulation, negotiation and socialization model	Shawn Shieh 2009	GONGOs, China Youth Development Foundation (the Hope Project), environmental NGOs, HIV/AIDS NGO, trade associations, chambers of commerce, Beijing Sun Village	GONGOs, SAs, Foundations, grassroots organizations	Infrastructure organizations, financial organizations, support organizations, and/or operating organizations
Hybrid Models	Mutual empowerment	Vivienne Shue 2011	Charity supermarkets	Grassroots organizations	
	Contingent Symbiosis	Antony Spires 2011	31 grassroots NGOs in Guangzhou	Grassroots organizations	
	State-in-society; Network governance	Fulda, Li, and Song 2012	Shining Stone Community Action (SSCA) in Beijing, community-based organizations	Grassroots organization	
	Co-dependence	Timothy Hildebrandt 2013	80 interviews with organizations in three issue areas (environmental, HIV/AIDS, and gay and lesbian), and 95 survey respondents	Grassroots NPOs	
	Welfarist incorporation	Jude Howell 2015	85 interviews with labor NGOs, legal clinics, academics, and trade union officials in 7 cities	Grassroots organizations, and SAs	
	Social Marketization	Jun Han 2016b and 2017	2,588 social organizations (social associations, nonprofit organizations, and foundations) in China, and 44,109 charities and social enterprises in the United Kingdom	SAs, foundations, and grassroots organizations	