

# Research on the Lack of Public Policies in the Development of Social Enterprises in China

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**Abstract:** *A social organization refers to an institution that uses the way of business operation to achieve its own social purpose and realize social functions. It can not only overcome the insufficiency of the social hematopoietic function of the general non-profit organization, but also emphasizes the social function more than the general enterprise companies that undertake social responsibilities. It can provide services to the society more simply and efficiently and deal with social problems. At the end of the twentieth century, after the successive failures of social resources and policies, society was also hit by international economic fluctuations. Some obstacles also began to emerge in the way businesses in the welfare countries of East and West Europe hoped to use social organizations to help deal with social problems. Without sustained funding, non-profit organizations were often unable to provide sustainable and efficient social services, and many were not even able to survive, resulting in a loss of corporate volunteerism. In this context, social enterprise emerged as the times require, which is a comprehensive institutional institution with dual characteristics of social and for-profit. The increasingly rich social development practice of social enterprises has also made public governance academia further realize the important role of social enterprises, which can effectively provide services to the government and handle public affairs. At the same time, in the current relatively complete system of social enterprise development, it will promote the growth of social enterprises through the corresponding public policy support system. In this context, it is necessary to study the phenomenon of institutional absence in the current social enterprise growth.*

**Keywords:** *Social enterprise, Public policy, Missing issues*

## 1. Introduction

Social organizations first appeared in the welfare states of Western Europe. In the 1970s, after the collapse of the stock market, the paralysis of government finances, and the impact of the fluctuations in the world economy, the welfare states in Western Europe hoped to use non-profit organizations to help deal with economic and social problems. Due to the lack of hematopoietic ability, many non-profit institutions are unable to provide long-term and efficient social services. Meanwhile, Western European welfare countries are also affected by the global economic crisis, which reduces the support for non-profit institutions. In this context, in the 1990s, community organizations emerged as mixed institutional institutions with dual characteristics of socialization and economy. The development of social enterprises is driven by economic operation and corporate social responsibility, which is the inevitable result of the organic integration of social welfare institutions and market enterprises. In many developed countries in Europe and the United States, there have been many typical examples of the successful development of social enterprises. Compared with ordinary non-profit organizations, these social enterprises have more business awareness of protecting the enterprise, and can provide more effective services to the society. Companies have more corporate social responsibility and can better realize social functions [1]. In developed countries where social enterprises have developed well, they have generally established corresponding social public policy support systems.

## 2. The Problem of Lack of Public Policies in the Development of Social Enterprises in China

### 2.1. The Lack of Development Strategies and Policies of Social Enterprises in China

Whether in developed countries (regions) or developed countries, the formation and growth of any innovative social organization is inseparable from the premise of a country's strategic development

planning. Regarding the development of community enterprises, the British government has the Department of Community Enterprise Development and the National Social Development Office, which provide special development plans and policy measures for the development of community enterprises in the British government, including "Community Enterprise Development: A Strategy for Successful Development". In China's Hong Kong and Taiwan, there are also professional community company development resource centers and community company development offices, which have formulated some development strategies and systematically guided the development of community companies. However, there are no policy measures in strategic planning for the cultivation of current social organizers. Since the 18th National Congress of the Communist Party of China, it has repeatedly proposed to continuously innovate and transform social mechanisms to further stimulate the power of socialist organizations, and these measures are mainly related to the current social organizers. It is closely related to the nurturing environment of the community, but it does not directly or specifically involve the development of social organizations, nor does it set up a professional strategic planning agency, nor does it have a public policy and necessary policy environment for the rapid growth of community organizers from higher levels.

### ***2.2. China's Social Enterprises Lack Specific Laws and Regulations***

Stones from other mountains can also attack jade. In some countries where social enterprises have developed well, it is not difficult to see that the rapid development of social enterprises is also inseparable from the support of the state, especially the key to social and economic support, such as Finland, Lithuania, Italy, South Korea and other countries have professional "Social Enterprise Law", while England has "Group Welfare Law". In China, social enterprises do not have systematic laws and regulations, and the community companies recognized by the government are limited to the first three community companies in the country recognized by the Shunde District Social Development and Entrepreneurship Center, and the seven community companies identified at the Charity Fair in Shenzhen were only identified by the people. At present, the laws and policies on community companies at the level of our country have not yet been formed, which is not a good legal environment for community companies to flourish. Although China has issued a number of policies and regulations related to the development of quasi-social enterprises, such as the Interim Regulations on Registration and Management of Private Non-enterprise Units and the Interim Measures for the Administration of Social Welfare Enterprises, but the policies and measures provided by the above-mentioned policies and regulations to restrict the development of social enterprises have some differences, and most of them are temporary administrative regulations. The development of social companies and quasi-social enterprises is not a unified national regulation [2]. Therefore, China must first implement national unified regulations for the development of social enterprises, and then introduce corresponding policies and measures to study and promote the transformation of quasi-social enterprises to social enterprises.

### ***2.3. Insufficient Support Policies for Quasi-social Enterprises in China***

In China's current quasi-socio-economic system, these are only government regulations, and their level is very low. Moreover, private non-corporate enterprises and social welfare companies have access problems. Many companies can only be unregistered or registered. Industrial and commercial enterprises, due to the great pressure on finance and taxation in the initial development of such social companies, do not have corresponding support and preferential policies. Although the relatively special cooperative-type or quasi-member enterprises formed in the enterprise group are guaranteed by relevant legal documents, the corresponding regulations do not provide specific support and regulations for the standards of rural cooperative finance, taxation, organization and operation, etc., resulting in the vigorous development of China's rural cooperation has seen many practical situations, such as the problems of registering some illegal institutions as agricultural cooperatives to defraud official support.

Social welfare companies and private non-enterprise companies in China all have strict deregistration restrictions, which hinder the way of social and economic registration. For example, if you want to register as a community company that is a private non-enterprise unit, you must first register as a social service organization. Afterwards, private non-enterprise units in the process of approval and registration must have corresponding affiliated units. Therefore, many agencies are often reluctant to assume responsibilities, resulting in units that are quasi-social groups cannot be registered as private non-enterprise units, nor can they enjoy the benefits of preferential policies. At present, social welfare companies have gradually lost their financial status due to changes in national taxation policies, so the "Notice on Taxation of Welfare Enterprises and Various School-run Enterprises" and its "Regulations on the Payment of Turnover Tax by Civil Welfare Social Enterprises" The Announcement

and other national regulations correspond to the current collection and management of social welfare companies, which completely changes the current state fiscal and taxation support policy conditions for social welfare companies to be exempted from income tax, and has a negative effect on the normal operation of social welfare companies [3].

### **3. Analysis of the Causes of Policy Deficiency in the Development of Social Enterprises**

#### ***3.1. Insufficient Motivation for the Main Body of Social Enterprise Policy Making***

According to the theory of government system, the government-led system is divided into the government-proposed system, the government-implemented system and the indirect-led system. In the current analysis of the reasons for the absence of public policies in the development of social enterprises, the most important thing to pay attention to is the problem of the government's formulation system. The system is responsible for formulating new guidelines for the development of social problems, discovering public problems, raising problems to the government, and participating in and solving the final policy measures. It can be seen that the main body of government departments will play an important role in the introduction of public policies in the future, and it is obviously particularly important to explore the reasons for the lack of government from the perspective of the main body of government formulation.

#### ***3.2. The Government's Perception of Social Enterprises is Biased***

In recent years, Chinese social enterprises have received more and more attention from all aspects of the country, and the research on the development of social enterprises has begun to take shape [4]. However, because social enterprises have only flourished from Western Europe for more than 20 years, and the introduction of social enterprises into China only 10 years. As an imported product, social enterprises are still in a wait-and-see state when the policy is introduced, or there are some errors in cognition, which affect the decision-making process of social groups after entering the government's agenda to a certain extent. Government departments are not only the main body of policies and regulations, but also the indirect main body. The editor of the article conducted an on-site interview in the process of collecting relevant information. In the civil affairs department of a certain place, some administrative staff of the civil government department have an opinion on the social company's behavior. The meaning is not very well understood, and some people think that companies are simply confused with ordinary companies, which shows that the government administrative departments have a biased understanding of social enterprises, which also forms an early resistance to the process of the public policy agenda.

#### ***3.3. Insufficient Research on Social Enterprises by the Main Body of Policy Consultation***

The lack of research on China's social enterprise policies by the Chinese government consulting subjects makes it impossible for them to provide government advice and opinions on the development of Chinese social SMEs to the government policy-making subjects with the help of sufficient and high-quality academic research materials. Since China's social enterprise policy is the result of China's social innovation that has gradually prospered in the past two decades, as the political and economic systems and social development environments of different countries in the world are different, the international policy on China's social enterprise also presents a diversified understanding that although most of the academic research on socialist enterprise policy in Western countries is still focused on the discussion of the definition of China's social enterprise policy, the specific proposal of China's social enterprise policy, experts and scholars from all over the world have made policy opinions based on specific national conditions. Many developed countries in the western world with well-developed social enterprises have also set up professional basic theory and practical research sections for the development of social enterprises. For example, some colleges and universities in the United Kingdom and the United States have set up courses on social enterprises. They have also set up specialized research departments such as the Social Enterprise Development Promotion Office and the Community Company Commercialization Research Association. The basic research of these majors has played a good role in assisting policy and regulation formulation entities to continuously and deeply understand the development of social companies [5].

#### **4. Suggestions on Improving the Public Policy of China Country's Social Enterprises**

##### ***4.1. The Cultivation of Public Policy-making Subjects in Social Enterprises***

Political community policy can be equated with the policy measures formulated by the government, and it will have an important impact on the formulation of future public policies. Since social enterprises have not entered China for a long time, many governments have issued main bodies targeting social enterprises. Some public issues of management involve very little, and there is no clear understanding, but the country still needs to further strengthen the cultivation of important public policy-making subjects of social enterprises. It has laid a solid foundation for the main body of public policy formulation in the long-term development of social enterprises.

Internal education of the organization. Disseminate and promote knowledge and case studies on relevant social issues in the policy community. In particular, the civil affairs department, which has the power to manage social groups, must first do a good job in its own education and training, and improve and improve its staff's overall understanding of social enterprises. Afterwards, based on the experience of running a social company well, it researches and sorts out the public policy of socialist economic development in line with the current actual situation, and provides first-hand information for the legislature.

Set up a planning agency. We also suggest that national-level social enterprise development research institutions can be established in the policy community, such as the third government agency in Canada, and the Social Enterprise Promotion Institute in the Republic of Korea. This part can include the civil affairs, industry and commerce and other administrative bureaus, the Ministry of Agriculture, the provincial finance department and other government agencies, which are responsible for special research and put forward executable public policies related to the development of social enterprises based on the submitted materials related to the development of quasi-social enterprises.

##### ***4.2. Strengthen the Interaction and Cooperation of Various Policy Network sSubjects of Social Enterprises***

Strengthen dominance. While supervising other websites, the government community should pay attention to social organizations on various government websites, so as to speed up the advocacy procedures of other government networks for social organizations. First of all, the policy community should cooperate with the topic website to establish a special website to provide a more complete service subject for policy research. Secondly, the policy community should guide and supervise the social organization management of the intergovernmental network, so that the intergovernmental network can implement the strategy according to the local reality when complying with the national regulations, and find the growth direction for the global innovation force. Third, through the policy community and the inter-governmental network, the producer network has been provided with a sufficient number of special policy purchase plans, allowing community enterprises to undertake more community services [6].

Strengthen internal collaboration. Each policy website must do a good job of internal cooperation. First, various social enterprises and social organizations in the producer network need to carry out joint exchanges, organize social and economic seminars, establish sound community economic industry associations, and promote mature economic policy plans. Second, the structure of the policy community must be more stable, and the inter-governmental alliance must also strengthen internal exchanges and cooperation, and local government departments must reduce local protectionism and share the pilot results of local social business incubators. Third, before the professional network of Chinese studies was formed, various academic organizations were still on the problem network, and the problem network strengthened the communication with various social units, universities, social and economic incubators, community economic forums, traditional media, the mutual cooperation between the mass media and the public, as well as the organic integration of scientific theoretical research and modern media technology, enable the topic network to further improve its advocacy level and quality.

#### **5. Conclusion**

At present, all sectors of society have paid more and more attention to the development of social enterprises in China, but the development of social enterprises in China is still in the initial stage, and the public policy system in China has not yet been formed. It directly leads to the lack of necessary

political environment for China's social and economic development to maintain its own development and development. First, because there is no unified registration management regulation for the development of social enterprises, China still lacks officially recognized social companies. Many quasi-social companies must be registered according to different norms, whether they are registered social organizations or industrial and commercial enterprises. Influenced by different degrees, it limits the socialization and economic benefits realized by community organizations at the same time. Second, there is no special development strategy, lack of a special system of social organization cultivation plan, requiring the state to make financial support. In addition, without necessary support measures and policies, it is difficult to form a political and community atmosphere that is conducive to community economic development.

At present, the development of Chinese social enterprises is still in an early exploratory stage, and there are few research results related to the public policies of Chinese social enterprises. The understanding of enterprises is still very vague, which is unfavorable for the investigation and introduction of relevant policies and regulations. However, due to the increasing number of theoretical and practical researches related to the development of social enterprises in China in recent years, the status of social enterprises in Chinese academia is also increasing. Only then can more direct and specific analysis of policy issues be carried out. Through the summary of first-hand information, it can reflect the actual needs of the participants in each policy network, and it is believed that it is helpful to formulate social and economic policies and guidelines.

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