

Chapter 21

A Business-Like Strategic Model That Works?

Lessons Learned From Non-Profit Incubator in China

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ABSTRACT

The application of the business-like strategic model in the nonprofit sector has attracted increasing attention from scholars and practitioners in both western countries and Asian countries like China. In order to assess how the business-like strategic model can be applied successfully in an authoritarian regime, this Chapter concentrates on a single case in China's context, the Nonprofit Incubator (NPI), to identify the contributing factors to its success in applying the business-like strategic model. Drawing from two theoretical frameworks of policy window and balanced scorecard, this chapter examines the internal and external management of NPI to investigate how, and to what extent, a business-like strategic model is adopted in the context of China. Findings indicate that organizational needs to be very sensitive to both internal and external managerial environment so as to achieve its success. This chapter argues that the business-like strategic model is feasible in China without any obvious disparity compared with its implication in Western countries.

INTRODUCTION

The eroded boundary between the non-profit sector and the business sector has created opportunities for the implementation of business-like strategic models in the Chinese non-profit sector. Business-like strategic model refers to strategies that are widely used in the business sector, such as venture capital, and platform model (Dart, 2004). As an alternative to innovative organizational operation, business-like

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strategic models have been reasonably well received by scholars and practitioners in both Western context and countries like China. This chapter focuses on a single case in China's context—the Non-profit Incubator—to assess how a business-like strategic model can be applied successfully in an authoritarian regime. Drawing from the two theoretical frameworks of policy windows and balanced scorecard, this chapter uses the case of a Chinese non-profit support organization (NSO), the Non-Profit Incubator (NPI), to examine how, and to what extent, business-like strategic model is adopted. In addition to examining documents relevant to the NPI such as annual reports and mission statements, interviews were conducted in order to add further richness to the case study.

This chapter is structured as follows. First, an introduction of current trends regarding the convergence of business-like strategies and the non-profit sector are presented, followed by an overview of non-profit support organizations (NSOs) ranging from the definition to service delivery over the past few decades is provided. Second, we will explore the development of NSOs in contemporary China relying on statistical data. The discussion of findings resulting from statistical analysis is followed by an introduction of the emergence of business model in China, including a brief introduction of the NPI, and an exploration of business-like strategic model in the current stage. An analysis on the managerial system, strategic planning, and discussion on how the NPI executes business-like strategies follows. The final section provides a summary of the arguments made in this chapter and suggests further research recommendations.

The Convergence of Business Strategies and the Non-Profit Sector

Thus far, studies have shown that the adoption of business-like strategic models have contributed to the success of the non-profit sector (Kearns, 2000). Non-profit organizations (NPOs), like Ashoka, and Robert Foundation Homeless Economic Development Fund, have adopted the business-like strategic model in their daily operation. The utilization of business model in the non-profit sector is spurred by its potential benefits to improve organizational performance, and resolve social issues. Securing resource is a crucial element to survival in society. Business models tend to integrate numerous resources from different stakeholders (Maier, Myer, & Steinbereithner, 2016) so as to diversify NPOs resource base. Also, intangible resources have been purveyed through business model to NPOs. For example, substantial, new and innovative knowledge (Hvenmark, 2013), influential powers in social development (Keevers, Treleaven, Sykes, & Darcy, 2012), and legitimacies (Kuosmanen, 2014) have been injected into NPOs. With the increase in business-like strategic model implementation, social welfare provisions have improved in face of complex social issues (Guo & Bielefeld, 2014). Despite its popularity and significance, both scholarly and practitioners' attitudes toward this initiative diverge: a plethora of studies recommend NPOs to be more socially entrepreneurial (Emerson & Twersky, 1996, Kearns, 2000).

In contrast, opponents opined that adopting business model may erode organizational missions or even result in a loss of idealism (Maier et al., 2016). Theoretically, becoming a business-like organization enables NPOs to capture the complexity and difficulty of the environment to meet the needs of society in a more efficient way, but balancing the business strategy and NPOs' mission and value can be challenging. It is apparent that further assessments of applying the business-like strategic model are needed for guiding future research and practice. Yet, business model has made some progress in the Western context. For instance, the US Federal government has established an office to foster these initiatives; public and non-profit sector have attempted to shift into business-like strategic model with the goal of enhancing operation effectiveness as well. While most research has originated in the Western context, the

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