Research on the Cultivation Path of Community Social Organizations Driven by Public Welfare Venture Capital under the Grounded Research Paradigm

Xinru Xiao[1,a], Ji Zhang[1,b,*]

[1]*Shanghai Institute of Technology, College of Humanities, Shanghai, 201418, China*
[a]*xxinru@126.com, [b]zhangji0827@126.com*
[*]*Corresponding author*

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Abstract: As a novel partnership in philanthropy and charity investment, philanthropic venture capital significantly enhances the cultivation of community social organizations. This study, based on a community social organization cultivation project, adopts the Chinese management grounded research paradigm primarily framed by classical grounded theory. It explores the action logic, practical characteristics, and key strategies of philanthropic venture capital-driven cultivation of community social organizations. The research reveals that philanthropic venture capital-driven cultivation meets the grounded needs of community social organizations, characterized by regional embeddedness, strong dependence on government, emphasis on informal communication and interaction, and a pragmatic orientation. Simultaneously, these organizations face entry and growth dilemmas but can construct reciprocal resource networks and benign competition mechanisms, thereby fostering a philanthropic ecosystem.

1. Introduction

In recent years, with the deepening of grassroots social governance, community social organizations have gradually assumed more functions in grassroots social services. In the period of social development and reform to explore a new governance order, community social organizations have been given a high status in national policy formulation and local governance innovation exploration. The Party's 20th National Congress emphasized that community social organizations should be regarded as an important force in community governance and a new force for livelihood services. In this context, the government has promoted the development of social organizations through such ways as public-interest venture capital competitions. On the basis of considering the maximization of social value and taking into account certain financial returns, venture capital in public interest maintains a high degree of compatibility with the cultivation needs of social organizations in China [1]. In the practice of development, most community social organizations are facing the dilemma of high dependence on government resources and low quality overall. Therefore, the whole process of cultivating community social organizations is explored in practice, the practice

process and operation logic of venture capital projects for public interest are analyzed based on the practice mechanism, and the participation motivation and action characteristics of social organizations in the process of venture capital for public interest are attempted to explain, thus pointing out the way for the development and management of community social organizations driven by venture capital for public interest from the practical level.

2. Literature Review

Currently, academic research on how philanthropic venture capital drives social organizations mainly focuses on logical analysis and empirical summaries. There is a lack of research specifically analyzing the legitimacy of models and management innovations, particularly regarding the practical processes and behavioral logic of social organizations in local contexts. Research on the cultivation of social organizations from the perspective of philanthropic venture capital can generally be analyzed from two aspects:

2.1. Research on philanthropic venture capital driving the cultivation of social organizations

Since the introduction of philanthropic venture capital as a cultivation method in the field of social organization development, academia has conducted in-depth research on issues such as the logical mechanisms, practical needs, and challenges associated with philanthropic venture capital and the cultivation of social organizations.

Scholars argue from various perspectives such as policy support for philanthropic venture capital, models for nurturing social organizations, and their functions. Based on clarifying the concept, logic of action, and policy essentials of community social organizations, Li Peizhi [2] proposes enhancing the autonomy of community social organizations and fully utilizing philanthropic venture capital to drive the development of community social organizations. Scholars such as Miao Dalei [3], drawing on practical experience, point out that the development of a philanthropic venture capital ecosystem requires all parties to cede "living space" for social organizations, advocating for local governments to nurture social organizations and subsequently cooperate with them. Huang Liuzhao [4] and other scholars, based on case studies, have found that under the governance orientation of "dual absorption," social organizations undergo a dynamic evolution from "marginalization → legalization → embeddedness" to achieve the expansion of social organization space. Li Jian [5] and other scholars believe that reorganizing existing cultivation types and directions, innovating street-level procurement regulations, and guiding community social capital to consolidate cultivation efficiency can help promote the cultivation and governance efficiency of community social organizations. Li Zhiqiang [6], addressing issues such as the ambiguity of social organization project approval and assessment classification in practical operation, proposes a differentiated development path for community social organizations from the perspective of categorized governance of philanthropic venture organizations and differential policy construction. Chen Yali [7], focusing on the development of philanthropic venture capital in the Guangdong-Hong Kong-Macao Greater Bay Area, categorizes it into government commissioned operation mode, "government-led + foundation operation" mode, "government-led + public participation" mode, and "civilian-led + government promotion" mode.

2.2. Research on Innovation in Management of Social Organizations under the Background of Public Welfare Venture Capital

Public welfare venture capital driving the cultivation of social organizations introduces entrepreneurial venture capital concepts from the capital market into the charity sector as a new

practical model. The academic community explores management innovations within this model. For instance, Xu Jiujuan and other scholars [8] suggest that social organizations can achieve high-quality development by embedding relationships with the government through joint actions, information dissemination, and trust generation, addressing both insufficient and improper support for organizational cultivation. Given the strong compatibility of social organizations in the public service sector, many scholars have studied this area. For example, Hao Yufang [9] considers community social organizations as an indispensable part of the "three-community linkage," while Zhang Caiyun and others [10] found that community public welfare venture capital in Hubei Province effectively overcomes challenges such as disorderly governance power, fragmented governance resources, and dispersed governance functions through fostering social organization, integrating resources, and linking stakeholders. Community welfare organization carriers can effectively stimulate community empowerment [11], thereby addressing issues of low community self-governance levels.

From the perspective of rooted paradigm, this study deeply discusses the cultivation process, practical logic and main strategies of community social organizations in Project F for three years, in order to explore the practice path of localized development of community social organizations.

3. Research Design and Methods

China's rooted management research paradigm is a research paradigm proposed based on the rooted spirit of rooted reality and theory derived from practice [12]. This methodology is based on the data processing program of classical grounded theory as the main framework, the causal relationship of programmed grounded theory as the auxiliary structure, combined with cognitive map tools, qualitative and quantitative research methods.

The data collection centers around the main theme of "the growth path, action logic, and development changes of community social organizations." The research is based on a three-year cultivation practice project for community social organizations in a city (S) and involved a data collection process lasting three years (July 2019 - July 2022). The researcher participated throughout the project as a project advisor, ensuring the authenticity, reliability, and adequacy of the primary data. During the coding process, two coding teams were established. Discrepancies in coding were resolved through literature review and team discussions, and a triangulation test was conducted prior to coding. The data is shown in Table 1.

Table 1: Data Types, Sources, and Quantities

Data Types	Sources	Sample	Data Formats and Quantities			
			Interviews (10,000words/ K)	Information (Entries)	Images (Pieces)	Videos (Minutes)
Primary Data	In-depth Interviews	21	93\278			362
Secondary Data	Publicly Available Online Data			72		
	Annual Summary Report				45	

Through the data, a total of 737 open codes were identified. In the selective coding phase, core categories such as "demand exploration" and "government function reform" gradually emerged, forming practical flowcharts and behavioral logic diagrams for cultivating social organizations. Ultimately, 116 selective codes were supported, achieving theoretical saturation.

4. Empirical Analysis

4.1. Action Logic Model of Community Social Organizations in the Context of Public Welfare Venture Capital

From the operation of Project F, it was observed that there are certain deviations in the top-level design of venture capital projects during implementation. These deviations include a failure to truly align with practical operations, weak project practice foundations, and a mismatch between goal-oriented project practice and capacity challenges, leading to discrepancies between the operational level and project design. This was fully confirmed in interviews with social organization leaders. The details are shown in the table 2:

Table 2: Interview Data from Social Organization Development Leaders and Open Coding

Data	Coding
Because previously, I didn't understand the situation here for some reason.	The higher-ups do not understand the actual situation of the project.
In 2016, when the first batch of social services was implemented, there was an organization in Region F that provided these services. After that, when we took over, there was a gap period.	First contact with social service organizations in early 2016
I think the goal is very good, but currently, it has not been achieved; we have not reached that stage yet.	Objective practice environment limitations hinder goal achievement
……	……
After all, your energy or resources are still limited, and this aspect has not been fully addressed.	Operational staff's energy and company resources are limited.

The deviation between project design and practice has created a practical need to refine the process and action logic for cultivating community social organizations. Based on interviews with project leaders and using grounded cognitive mapping tools, we have developed a practical process from the perspective of community social organizations, as shown in the Figure 1.

The key pathway for community organizations driven by public welfare venture capital is refined from selective coding after open coding, forming the following sequence: Participation in venture capital → Defining project requirements → Needs assessment → Resource integration → Project design → Project process optimization → Project implementation → Project evaluation, feedback, and adjustment. This pathway also includes repeated cycles of participation in venture capital, defining project requirements, needs assessment, resource integration, business adjustment, project process optimization, project implementation, and project evaluation, feedback, and adjustment, as shown in the Figure 2:
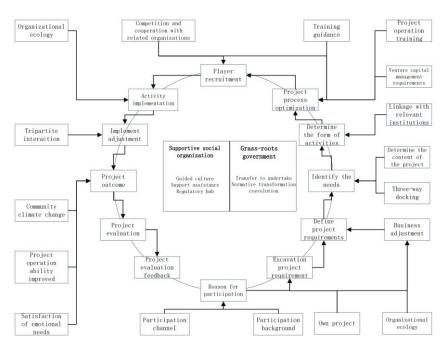
Figure 1: Public Welfare Venture Capital Driven Community Social Organization Practice Flowchart
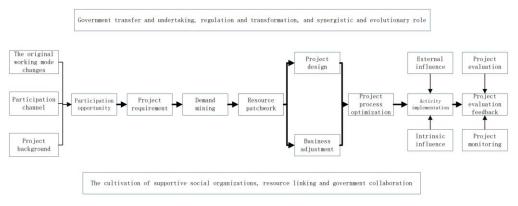

Figure 2: Practice-Oriented Public Welfare Venture Capital Cultivation of Social Organizations Flowchart

Table 3: Interview Data from Project Leaders and Open Coding

Data	Coding
This initially started spontaneously because we saw that children were getting bumped into, such as when they fell or collided during crowded times at the school gate.	Acting spontaneously based on real needs.
At that time, resident participation in public welfare activities in this high-tech zone area was relatively low.	Identifying gaps and needs in the field.
We learned about this seed fund through acquaintances who introduced it to us. They mentioned that there was project support available, so we decided to apply.	Understanding community needs and applying independently.
We were established at the end of 2019, and through a friend's introduction, we learned about this opportunity. Since we needed to register and settle in, we came here based on that introduction.	Businesses have their own development needs.

During the implementation of community social organizations, various practical factors emerged that were not mentioned during the initial project design, such as participation motives, growth challenges, and unexpected project gains. Clarifying the action logic of social organizations is beneficial for developing differentiated incentive schemes based on different participation opportunities. This was reflected in the interviews with project leaders, as shown in the table 3:

After conducting in-depth interviews with 44 project leaders, we performed developmental and preliminary selective coding, and then used cognitive mapping to identify the storylines, as shown in the Figure 3:
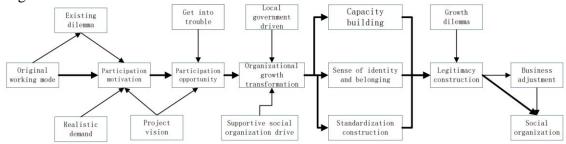

Figure 3: Dual-Driven Behavior Logic Model of Community Social Organizations in the Context of Public Welfare Venture Capital

The key pathway is derived from the original working mode or real demand → participation motivation → participation opportunity → organizational growth and transformation → capacity building, normative construction, and the establishment of sense of identity and belonging → legitimacy construction → establishment of social organizations. Similarly, after synthesizing and merging these elements, the selective coding yields the following key pathway: real demand → project vision → participation in the project → growth and transformation of social organizations → legitimacy construction → normative development of social organizations. The influence of supportive social organizations and grassroots governments has been present since the beginning of the project.

The establishment of social organization legitimacy, which is central to the action logic, includes three aspects: capacity building training, project support, and the development of organizational characteristics. Legitimacy construction is mainly reflected in understanding the relevant norms and processes associated with social organizations. In terms of capacity building, social organizations primarily learn project management skills, team management, and planning. Newly participating social organizations focus more on learning normative procedures and capacity building, while more mature social organizations place greater emphasis on the sense of identity and belonging provided by supportive social organizations. This is largely due to the training, technical support, and resource linking offered by supportive social organizations.

4.2. Characteristics of the Entire Process of Community Social Organization Cultivation in the Context of Public Welfare Venture Capital

The process of community social organizations participating in public welfare venture capital projects is divided into three stages: project initiation, operation, and final evaluation:

At the stage of project initiation, the motivation of participation can be divided into two types: based on project development needs and driven by personal sense of mission. The popularity of supportive social organizations and local public welfare atmosphere greatly affect participation motivation. The participation channels of social organizations are mainly official recruitment and introduction within the circle, which are mainly based on the social circle of supportive social organization operators and community workers. The project vision of the social organization can be

summarized as expanding the scope of business development and improving the quality of the project. The community organizations involved include social organizations founded by the community backbone, social organizations with certain project operation experience and projects initiated by individuals. F Project operator to activate and transform community social organizations and empower potential participants to enhance the degree of organization and development quality of community social organizations.

During the operation phase of the project, community social organizations carry out corresponding activities based on the basic needs and special needs of the community. The needs met by community social organizations can be divided into community special needs and social needs. The types of activities include building communication platforms, linking specific resources and assisting in solving specific problems, and the forms of activities are mainly weak impact activities such as publicity lectures. Project operation of community organizations relies on resource links and technical support from supportive social organizations and grassroots governments, and social forces are the internal driving force for project development [13]. The growth is reflected in the improvement of project operation capabilities, the expansion of the business scope and the increase of linked resources.

In the project conclusion stage, monitoring and evaluation serve as a systematic and normative examination of the project operation process. Project effectiveness is manifested in the growth of social organizations, talent cultivation, enhancement of resident well-being, and improvement of the community public welfare atmosphere. The technical output of supportive social organizations has cultivated a large number of community development talents and attempts to construct a collaborative governance model between grassroots governments and social organizations through division of labor and cooperative building, leading to the initial formation of a community public welfare atmosphere and ecology.

4.3. Research Findings

4.3.1. Characteristics of Supportive Social Organizations in the Context of Venture Philanthropy

Supportive social organizations are deeply affected by the imperfect reform of government functions, the development soil of social organizations and the competitive and cooperative behavior of various organizations in the process of carrying out venture capital for public interest. The imperfect reform of government functions refers to the unclear responsibilities between departments, the unreasonable management of social organizations and the short-term orientation of some grass-roots governments. The development soil of social organizations mainly refers to the number of existing social organizations in a community, the experience of operating and maintaining social organizations in the past and the concept of community residents. In the early stage of venture capital investment, the non-recognition of grass-roots community staff, community residents and social organization personnel is a prominent manifestation of vicious competition and cooperation between various organizations. Institutional factors have become an important limiting factor for supportive social organizations to obtain legal status and build professional roles [14]. Poor soil for the development of community social organizations and competitive and cooperative behaviors among various organizations have put forward higher requirements for the organizational resilience of supportive social organizations.

4.3.2. Characteristics of Practice-Oriented Community Social Organization Cultivation

First, Regional Embeddedness. The leaders of social organizations are primarily composed of

community backbones and former heads of existing community organizations who have transitioned into these roles. The personnel involved in implementing social organization activities include original operational staff of the social organizations, government employees, and community volunteers. Project groups centered around community committees and supportive social organizations actively mobilize their surrounding communities through internal initiatives, peripheral mobilization, interpersonal networks, and organized grid mobilization. This characteristic reflects the endogenous nature of organizations as outlined in policy documents and is also a manifestation of the "peripheral" mobilization strategy.[15]

Second, Strong Government Dependency Throughout the Cultivation Process. This feature is characterized by hierarchical interactions and dependent collaboration. In local practical contexts, the influence of institutionalization is unavoidable[16]; however, keeping the degree of "institutionalization" within reasonable limits is essential for expanding community inclusivity and achieving genuine empowerment.

Third, Demand-Oriented Focus. A "demand-oriented" cultivation process is necessary for the precise nurturing of social organizations[17]. Accurately understanding service needs and using them as the basis for project approval and cultivation can lead to targeted efforts. However, it is important to emphasize that the overall activity construction still faces challenges related to a lack of motivation and the absence of key stakeholders.

4.3.3. Dilemmas in the Cultivation of Community Social Organizations Under Practice Orientation

Community social organizations encounter significant challenges when they first participate in public venture philanthropy, facing both entry dilemmas and growth dilemmas. Entry Dilemmas manifest as a lack of trust and support from the community towards social organizations, low recognition of these organizations by residents, and a shift in operational methods. This is partly related to the absence of a clear mission and vision within community social organizations, characterized by weak sense of mission, inadequate resource mobilization capacity, poor project planning and operational capabilities, as well as low self-governance and innovation abilities. These issues are critical internal factors that necessitate urgent cultivation within community organizations.

Growth Dilemmas primarily stem from insufficient external support, weak administrative resources, and inadequate internal capabilities. The short-sighted mentality of grassroots governments pursuing immediate benefits hampers the long-term planning necessary for social organization development, making it difficult to highlight long-term benefits. Social organizations still grapple with issues such as a lack of organizational talent and the absence of key stakeholders. Inadequate functional reforms and barriers within the social management system restrict the development of social organizations and their capability to manage effectively[18]. Furthermore, the development of social organizations faces contradictions between grassroots government "delegation" and "regulation," as well as tensions between autonomous development and reliance on social resource support.

5. Conclusion and Insights

5.1. Main conclusions

Based on the Chinese management rooted research paradigm, this study, through coding analysis of social organization cultivation projects, concludes the action logic and two practical paths of public-interest venture capital participation in social organizations under the practice orientation.

The two practice paths respectively correspond to professional social organizations and community social organizations that participate in the cultivation for the first time. The former professional social organizations participate in public interest venture capital projects focusing on resource links, and will make business adjustments during the project development process to improve the existing work mode. The initial cultivation of community social organizations takes project design as the core, and focuses on capacity training and compliance construction during project development. The core of the logic of action is to build legitimacy according to project requirements and social needs. Community organizations have significant local characteristics, and at the same time face the development dilemma of grassroots social organizations.

In the cultivation of supportive social organizations, the functions of central hub, supervision and assessment, support and assistance and guidance are integrated, and the effectiveness of activities is greatly affected by the reform of government functions and the development soil of social organizations. The adoption of the grassroots government-support platform organization-social organization autonomy model is conducive to the improvement of residents' satisfaction, the growth of social organizations and the improvement of community public welfare atmosphere.

5.2. Research inspiration

1) Build a public welfare ecosystem on the basis of supportive social organizations

The purpose of the public welfare circle is to optimize the community public welfare atmosphere by taking advantage of the bridge and hub role of supportive social organizations in public welfare venture capital. Grassroots governments are encouraged to conduct scene experiments in conjunction with communities, such as secretary projects to stimulate the enthusiasm of community development, and enterprises at the community level to solve the problem of insufficient motivation. Social organizations to carry out high-quality practical projects; Supportive social organizations should do a good job of multiple links and optimized collaboration, encourage open participation and autonomous collaboration to enhance internal capital of the organization, build a public welfare circle, and realize the sustainability of projects.

2) Promote the benign competition and cooperation mechanism among organizations, and build a mutually-symbiotic resource network

Mutually beneficial cooperation based on their respective advantages, guided by the needs of people's livelihood, adhere to complementary advantages, mutual benefit, combination and linkage, and establish a sound competition and cooperation mechanism among social organizations. Grassroots governments can deepen government decentralization to provide more cultivation facilities, supportive social organizations should continue to play a pivotal role, social organizations should change their development model, and build a mutually-symbiotic resource network.

3) Flexible cultivation mode to enhance the endogenous development ability of social organizations

The development of social organizations in our country shows the characteristics of poor foundation, small scale and low level, which calls for innovative reform of social management mechanism and exploration of localized management methods of social organizations. We will encourage innovation in the reform of the social management system with the construction of a collaborative governance mechanism for social organizations as the starting point, stimulate the vitality of social governance at the grassroots level, fully empower social forces, and enhance the endogenous development capacity of social organizations.

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