

# Research on Countermeasures to Develop Social Organizations for Cultural and Creative Industries—Taking Shanghai Songjiang District as an Example

Chao Wu<sup>1\*</sup>

<sup>1</sup> School of Social Science, Shanghai University of Engineering Science, Shanghai, China

\* Chao Wu, E-mail: wuchao@sues.edu.cn

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## **Abstract**

*Currently Shanghai Songjiang District has achieved initial success in nurturing and developing the relevant social organizations around the overall objective to accelerate the development of cultural industry. But there still exist many problems, for example, organizations are immature, function is not significant, the management system is not perfect and so on. Analyzing the basic characteristics and key points of the development of Shanghai Songjiang District's social organizations for cultural and creative industries, we should put forward the corresponding countermeasures and suggestions, which will help to promote the construction of modern social organization system and the urban cultural soft power.*

## **Keywords**

*Shanghai, soft power, cultural and creative industry, social organization*

## **1. Introduction**

In recent years, focus on the overall goal of accelerating the development of cultural industries, Shanghai has carried out fruitful reform and innovation in nurturing and developing relevant social organizations, and established modern social organization system which basically covered the traditional cultural industries. But with the continuous emergence of new cultural formats, as well as the strengthening of the trend of cultural industry's socialization, the development situation of emerging social organizations for cultural and creative industries has a growing concern. Currently, in order to conform to the overall trend of promoting the development of cultural and creative industries, Songjiang District is also actively exploring the relevant development strategies in line with its own characteristics. It has achieved initial success, but there still exist many problems, for example, organizations are immature, function is not significant, the management system is not perfect and so on.

It is the undoubtedly practical problem to be solved that's about how to deepen the understanding of function and position of social organizations for cultural and creative industries, how to promote social organizations to stimulate creative vitality of the cultural market and how to further improve their cultivation and regulatory mechanisms on the basis of comparison and reference.

## **2. The General Trend of the Development of Shanghai Social Organizations for Cultural and Creative Industries**

Currently, Shanghai has entered an urban economy phase which is service-oriented. Development of productive service has become an important way to help Shanghai to transform the pattern of economic development and accelerate the optimization and upgrading of industrial structure. In "*Government Work Report in 2009*", Comrade Zhen Han had pointed out that there had always been various active social organizations in the areas of Shanghai productive service and the development of Shanghai productive service could not be inseparable from the promotion of social organizations. Thus, there will be important realistic meaning for the optimization and upgrading of Shanghai new industrial structure if Shanghai contributes the relevant industry associations to assist the government in planning and standardizes the market competition order based on the purpose about serving business and regulating and developing industry, while carrying out specialized research, guiding the development of industries, playing industries' function on coordination, service and self-discipline and providing business with the full-service such as information circulation, policy coordination and skills training.

Cultural and creative industry is an important part of modern service industries. In the stage of the 12th Five-year Plan, the proportion of this industry in Shanghai national economy has further improved and its contribution to Shanghai's economic development has also grown.

In 2010, Shanghai established "Leading Groups for Promotion of Cultural and Creative Industries" on city and district levels which were headed by the principal leaders and took many bureaus like propaganda, letter, development and reform, science and technology, tourism, finance, taxation as members. In May 2011, "*the 12th Five-year Plan on the Development of Shanghai Cultural and Creative industries*", which was formally issued by Shanghai municipal government office, had clarified the development objectives, key tasks and initiatives of Shanghai cultural and creative industries in the next five years in order to guide industries in health steady development. In August 2012, it additionally issued "*Development Report of Shanghai Cultural and Creative Industries in 2012*" which formally established the annual industrial preparation system. These show that Shanghai municipal government's attention and support to the development of cultural and creative industries is increasingly strengthened.

In 2012, Shanghai cultural and creative industries' employment reached 1.2916 million. Its total output achieved 769.536 billion RMB which increased 11.3% over the previous year and its added value achieved 226.976 billion RMB which increased 10.8% over the previous year and was higher than the Shanghai's GDP growth by 3.3%. In this year, cultural and creative industries' value proportion had

accounted for 11.29% of Shanghai's GDP, which was 0.43% higher than last year's and their contribution rate to urban economic had reached 20.2%.

Of course, the rapid development of Shanghai cultural and creative industries cannot do without the active participation and contribution of districts and social forces. Each district and county breaks the category of traditional cultural and creative industries and draws up plans to develop cultural and creative industries while establishing special funds to support industry and exploring its new development model. From the center of town, the city fringe, to the outer suburbs, all work has been included in the development plan of Shanghai cultural and creative industries, forming an effective linkage among cultural and creative industries of city, district and county.

Meanwhile, a variety of social organizations such as industry associations and alliances for cultural and creative industries have also undertaken a number of industrial activities and researches which aimed at jointly promoting the healthy and rapid development of cultural and creative industries. According to the statistics from "Shanghai Social Network" in June 2013, it showed that the degree of development of Shanghai social organizations had still large difference. There were totally 11,019 social organizations recorded in Shanghai, in which "private non-enterprise units" had 7,145, communities had 3,729 and foundations had only 145. The proportion of social organizations like industrial communities, cultural and social intermediary "private non-enterprise units" which are associated with cultural and creative industries is still low in their respective areas.

According to statistical analysis of information provided by "Shanghai Social Network", social communities for cultural and creative industries registered and passed the yearly inspection had only 7. The relevant "private non-enterprise units" had only 19. In the few social communities, it is hard to find the academic social communities such as studies and institutes related to cultural and creative industries. Such social communities play an important role in providing creative source and enhancing the level of creativity, etc. But they have not received enough attention in the development of Shanghai social organizations. In addition, the industry associations related to cultural and creative industries have also just over 30 in Shanghai that account for only 14.6% of the total.

Foundations for cultural and creative industries are helpful to strengthen the social investment and financing efforts of the development of cultural industries. Shanghai Cultural Development Foundation was established in Shanghai as one of the oldest, largest scale and impact of the fund whose purpose was to subsidize public culture, to promote cultural innovation, to foster cultural talents and to strengthen cultural communication. In its leading role, each district and county in Shanghai and various social forces have established many private foundations dedicated to the prosperity and development of Shanghai cultural work. But the number of such foundations is extremely limited which account for only 3.4% of total Shanghai foundations. Thus, on the whole, social organizations for cultural and creative industries throughout Shanghai region are currently still in their infancy.

### 3. The Basic Features and Problems of the Development of Social Organization for Cultural and Creative Industries in Songjiang District

Songjiang District government pays more and more attention to the development of cultural and creative industries and has taken them as an important breakthrough of industrial upgrading and restructuring development. In recent years, there have been some favorable development conditions for the growth of social organizations in this field. At present, the overall development of social organizations for cultural and creative industries in Songjiang District has some basic characteristics in the following aspects:

First, traditional culture industry associations are still main part of social organizations for cultural and creative industries in Songjiang District. Currently, Songjiang Advertising Association, Printing Association and Cultural and Entertainment Industry Associations are several major social organizations related to cultural industries in this district. Songjiang Advertising Association, which mainly launches learning, advocacy, counseling, services, training, academic research, planning and implementation of industry liaison and coordination, has registered capital of 30,000 RMB. Songjiang Printing Association, founded in December 2008, now has more than 100 member companies. It is committed to guide enterprises to strengthen self-management, promote advanced technology, exchange of experience, standardize printing market order and improve the overall level of the industry and competition power. The basic function of Songjiang Culture and Entertainment Industry Associations, one of offices of “Shanghai Culture and Entertainment Industry Associations”, is to achieve service, self-regulation, representatives and coordination for industries. It mainly launches industrial investigation, research, technical training, editing and publishing, exhibition investment, product promotion, intermediary consulting services and exchanges of domestic and international information technology and other activities. In addition to these existing cultural industry associations, the process of fostering emerging social organization for cultural and creative industries is slightly delayed.

Second, Songjiang cultural industry development funds have not yet covered the relevant fields of the cultivating of social organizations. The enterprise is still main basic unit of declaration objects of Songjiang cultural industry development funds and productive services funds. Various social organizations including industry associations are not allowed to declare them. In addition, what the funds support focuses on the project which can bring larger economic benefits, as well as an integrated service platform which can further serve the cultural and creative industrial park. But it's not paid enough attention to nurture and develop social-oriented social organizations.

Third, the quality and quantity of practitioners of Songjiang social organization for cultural and creative industries should be improved. The number of employees and registered members of Songjiang social organizations for cultural and creative industries is still limited, in which the proportion of full-time employees is lower and professionals with a college education is rare. Such allocation of talent resources are not obviously matched with the requirements of the micro services

and management functions of social organizations in cultural market. At the same time, the scarcity of the number of employees cannot reflect the advantages that social organizations for cultural and creative industries will accumulate high-quality workforce.

Fourth, the development trend of Songjiang social organizations for cultural and creative industries is not balanced. In a variety of types of social organizations for cultural and creative industries, the development trend of industry associations, chambers of commerce and industry alliances becomes relatively fast. Although there are a limited number of such social organizations within the scope of Songjiang District, some medium-sized enterprises have participated in certain similar industry associations in urban areas. And within the scope of Songjiang District, the cultivation condition of the social communities such as promotion associations, research associations and federations as well as other foundations and “private non-enterprise units” in the field of cultural and creative industries is also worrying.

Of course, there are also more prominent issues in the cultivation and development of social organizations for cultural and creative industries of Songjiang District, which are mainly reflected in these sides:

First, at the internal construction, such social organizations are lack of corporate governance structure and governance mechanisms. The current administrations of many industry associations are still largely dependent on government, which are greatly influenced by government’s administrative management. And the system of board or council based on a democratic election and industry selection in inner of industry associations is often useless. It cannot fully play a governance function on representing its members’ interests and supervising and leading administrations of the associations.

Second, in the supporting arrangement, the relevant systems of laws, regulations and policies are not perfect. In 2012, Shanghai municipal government had formulated a number of policy documents aimed at promoting the development of cultural and creative industries, including “*Plan of Actions to Promote Convergence Development of Shanghai Culture and Technology (2012-2015)*”, “*Plan of Actions to Develop National Base for Foreign Cultural Trade (in Shanghai) in Three-year*”, “*Development Directory of Scarce Talent in Shanghai Cultural and Creative Industries*” and “*Shanghai’s Funding Method of Patent (Amendment)*” and so on. But the top-level design and policy innovation for nurturing and developing social organizations still left vacant, which makes each district and county lack long-term planning and vision in the process of nurturing the relevant social organizations.

#### **4. The Suggestions on Promoting the Development of Songjiang Social Organizations for Cultural and Creative Industries**

To achieve the new objectives of economic development and social management about “Accelerating the development of cultural and creative industries” and “Supporting the development of industrial social organizations” proposed by “the 12th Five-year Plan” of Shanghai, and help to promote Shanghai to become “An Important Node in the International Network of Creative Cities”, Songjiang

District should vigorously promote the reform and development of social organizations for cultural and creative industries, build a comprehensive regulatory system of social organizations for cultural and creative industries and improve the internal governance structure of social organizations for cultural and creative industries in order to better implement the goal of “Accelerating the formation of the system of modern social organizations which has separate agency, clear responsibilities and legally autonomous structure” proposed by 18th National Congress of the CPC.

#### *4.1 Reform the Regulatory System of Songjiang Social Organizations for Cultural and Creative Industries*

Although Songjiang District has accelerated the improvement of the regulatory system of various social organizations, there are still many problems. For example, the social organization for cultural industries is a mixed bag. And the diversification of business executives and oversight leads to the absence of substantive oversight. And the policies about intellectual property protection and financial support are seriously out of touch with the development process of cultural and creative industries, etc. Some measure should be taken from the following aspects to deepen reform of the regulatory system of Songjiang social organizations for cultural and creative industries:

First, the model of tripartite interactive management about “Government-Business-Industry” should be optimized. That Songjiang social organizations for cultural and creative industries will be separated from government, business and matters should be promoted in the aspects of institution, personnel matters, assets and finance. The independence, representation and autonomy of social organizations for cultural and creative industries should be enhanced. The appropriate competition should be carried out in order to promote the survival of the fittest, regulate fees and appraise industry through comparison, etc. The ability about “servicing enterprises, regulating business, developing industry” of social organizations should be strengthened and the coordination mechanisms among government, business and industry should also be built.

Second, the management system suited for the development of social organizations for cultural and creative industries should be structured. To crack the “Double Management” dilemma that various industry associations faced, Shanghai had taken measures to reform business administrations in which industry associations was decentralized. At present, Shanghai Industry Association Development Agency and the relevant commissions, offices and bureaus in the municipal government are respectively business competent units and departments in charge of various industry associations. When industry associations prepare for application, register establishment, change registration, cancel registration and undertake yearly inspection, Shanghai Industry Association Development Agency is responsible for the trial. This will effectively improve the management efficiency of industry associations. But now the new format of various cultural and creative industries is emerging, therefore many social organizations in this field do not really practice centralized management. There is often a big randomness in determining business competent units. To solve these problems, it should be allowed to transform the original business competent units gradually into the units which are for operational

guidance, business consulting and operational oversight within the scope of existing national policies and regulations, further reduce the registration threshold and to build a new efficient management system of social organizations. Relevant government departments should adjust the focus from “pre-register” to “daily supervision” in order to optimize the internal governance structure of social organizations as the starting point and guide social organizations to establish the modern system of social organizations which includes “clear legal status, great governance structure, stable funding channels, sound restricting mechanisms and normative management operations”.

Third, social organizations for cultural and creative industries should be given guide to establish self-regulatory mechanisms. The industry association is a large category of social organizations for cultural and creative industries, while the self-regulatory mechanism is the most important part of its operating mechanism. That internal governance of industry associations can be strengthened and its self-regulation can be implemented will become an important guarantee for the healthy normal development of cultural and creative industries. In the background that the development degree of social organizations for cultural and creative industries are not currently high, Songjiang District should strive to guide the various relevant social organizations in the next stage to establish self-regulatory mechanism, and then seek to accelerate development. These include that relevant social organizations should be guided to establish internal governance structure of industry associations composed of the council, the board of supervisors and the president to divide their functions and effectively form their internal oversight system, and formulate code of conduct for operators and employees of cultural and creative industries to standardize their business practices, and institute competition rules of cultural and creative industries to form an orderly, fair and legitimate competition atmosphere within the scope of the district, and establish a strict reward and punishment mechanism to effectively prevent or sanction violations industry and ensure the health of the market order, and build the institution of job decentralization and accountability in internal industry associations to construct the responsibility system in which power comes with responsibility and integrity violations will be prosecuted, and establish vocational qualification system and regular training system in internal industry associations to strengthen the concept education on modern social organizations and promote corporates’ credit construction.

Fourth, the social supervision mechanism of social organizations for cultural and creative industries should be established. Social supervision mechanism consists of three main components which are public opinion, funders’ monitoring and assessment issued by third parties. Among them, according to foreign experiences, the introduction of a third-party evaluation mechanism is the most effective, simple and feasible way to strengthen the supervision to social organizations at present. “Assessment issued by third parties” means that the reliable evaluation criteria should be established by a professional agency or organization in order to assess the operation status of social organizations and arrive at a convincing results and reporting. According to current state of the development of social organizations for cultural and creative industries, Songjiang District should strengthen the social

constraints, build a scientific evaluation mechanism and well-developed evaluation system of social organizations for cultural and creative industries, hire or create an independent third-party professional assessment agency to strengthen the assessment links, and link the evaluation results to reward incentives to improve the efficiency of regulatory and assessment, thereby enhancing the public confidence to social organizations in certain field and the social service capacity of industry organizations.

#### *4.2 Innovate upon the Cultivation Mechanism of Songjiang Social Organizations for Cultural and Creative Industries*

Based on inter-external successful experiences, around the overall development goals about “*The 12th Five-Year Plan on Shanghai Cultural and Creative Industries*”, the diverse cultivation mechanism should be built in Songjiang social organizations for cultural and creative industries, including the establishment of the incentive mechanism to promote social organizations to participate in cultural and creative industries, the tax preferential mechanism of social organizations for cultural and creative industries, the entire management system of government’s purchase of public cultural services, the resource integration mechanism of cultural and creative industry and the coordination and competition mechanism of cultural and creative business interests, the market operation mechanisms and social coordination mechanism of social organizations for cultural and creative industry and so on.

First, the number of social organizations for cultural and creative industries should be expanded. At present, the full-time staff quality of Songjiang social organizations for cultural and creative industries which have less number, narrow services field of involving industry and limited scale of employees should be improved. It is the development focus of the next phase that Songjiang District should make social organizations for cultural and creative industries full coverage, or actively introducing municipal social organizations for cultural and creative industries whose category could be focused on the relevant industry associations, industry alliances, social communities and foundations and so on. Then, on the basis of development to a certain number, the hub social organizations for cultural and creative industries which have higher level should be nurtured.

Second, the way of government’s funding to social organizations for cultural and creative industries should be innovated. In addition to the establishment of a special fund for construction and development of social organizations for cultural and creative industries, the government should also use the leverage of “tax incentives” to reduce barriers to entry relevant social organizations, rationalize the registration system of tax concessions to increase the support for taxation policy to the relevant social organizations and develop appropriate income tax relief policies and improve the tax incentives mechanism. In addition, the government should also establish a sound project-oriented government procurement of services mechanism through bidding, contract management, cash and assessment in order to regulate purchases from standardized construction, qualification review, track guidance and performance evaluation, etc., and encourage social organizations to participate in the development process of cultural and creative industries, and then try the government’s service outsourcing to attract



social organizations to actively undertake micro-services and management functions faced to cultural and creative industries through using loan guarantees, grants and contracting, etc.

Third, the construction of “three platform” of social organizations for cultural and creative industries should be promoted. Firstly, a unified intermediary service platform of Songjiang social organizations for cultural and creative industries should be established. Based on the existing relevant websites of Songjiang District, the government can build the information source database, the businesses demand consulting service station, the government policy advisory station and the liaison exchange network of industry associations related to social organizations for cultural and creative industries in order to broaden the channel of contact among industry, government and business and integrate resources of relevant social organizations in Songjiang Districts. Secondly, a scientific and effective monitoring platform of social organizations for cultural and creative industries should be established. Led by the relevant departments, the system of credit rating and credit file and the system of information disclosure, reporting and dishonesty punishment which takes “integrity” as the core should be improved in order to strict information opening, enhance the transparency, openness, honesty and credibility of the operation of the relevant social organizations, explore effective ways of social supervision, and strengthen market services capacity of social organizations. Thirdly, an institutionalized communication platform between social organizations for cultural and creative industries and government should be established. Through smoothing channels for expressing interest demands of relevant social organizations and maintaining timely communication with effective feedback between government and social organizations for cultural and creative industries, Songjiang District can further develop the function of the relevant social organizations in coordinating the interests of industry and reflecting the corporate petitions, and then formulate the institutionalized mechanism planned by the government and social organizations in cultural and creative industries. The government can also hold regular meetings in various industry associations in order to get timely feedback about industry dynamics and government information and achieve the information exchange, service interaction, resources share and experience reference between the relevant social organizations and government and among different social organizations for cultural and creative industries.

Fourth, the hatching and cultivation mechanism of outstanding social organizations for cultural and creative industries should be improved. In 2012, “Park of Service for Social Organizations” in Songjiang District was established. Currently, the service park aims at hatching and cultivating the social organizations for public service. But according to the deployment of Songjiang District in the next phase, it will further broaden the functions and extend benefit to all types of social organizations in this region. Then, the service park will provide all social organizations with the supportive development and services such as capacity training, financial management, project-consulting and project evaluation. Songjiang District should encourage social organizations for cultural and creative industries to enter the incubator park for incubation as soon as possible, and then give more support to cultivate the outstanding social organizations. For the outstanding social organizations, it’s necessary to

establish a scientific “incubator” training system in order to help them improve their internal construction and provide them with the essential venue, fee waivers and office funding to guide their healthy growth. Meanwhile, Songjiang District should encourage social organizations for cultural and creative industries to associate with colleges who have the study of cultural creation, accelerate the cultivation of professional talent and encourage relevant professional college students to get a job or do pioneering work into such social organizations.

#### *4.3 Strengthen Top-Level Design to the Development of Songjiang Social Organizations for Cultural and Creative Industries*

Currently, both mechanisms and systems that Songjiang District promotes the development of social organizations for cultural and creative industries remain to be further improved. For example, in the Songjiang District special funds invested in the cultural and creative industries, the proportion of which invested in the construction of social organizations still needs further improvement. Now, Songjiang District has set up 50 million RMB every year of special funds to support cultural and creative industries, in which the money invested in the cultivation and development of social organizations is rare. Again, although Songjiang District has gradually established the training and introduction mechanisms of key talents in cultural and creative industries, the necessary education and reward for them is still lack. These problems must be resolved by strengthening the top-level design and innovating mechanisms and systems.

It's believed that improving strenuously the ability of survival and development of social organizations for cultural and creative industries and compensating effectively for the lack of government and market's management and service in cultural and creative industries should be done from five aspects including government, business, industry, society and system environment in order to provide better cultural environment for the construction of Songjiang socialist culture. This is mainly reflected in these sides:

First, on the government level, it should transform its function to achieve effective regulation of social organizations for cultural and creative industries.

Second, on the enterprises level, they should guide the cultural and creative enterprises to participate in the formation of autonomous organizations to compensate for functions' failure of market and government.

Third, on the industry level, social organizations should play an important role that they can coordinate the interests of industry, integrate the resources of industry and enhance the self-regulation of industry, etc., in order to promote the harmonious development of cultural and creative industries.

Fourth, on the society level, it should mobilize social forces to participate in the formation and management of organizations to promote social investment and financing system of cultural and creative industries.

Fifth, on the system environment level, the policies and systems on the promotion of Songjiang social organizations for cultural and creative industries should be established and improved to accelerate the

introduction of appropriate implementation details.

To really promote the independent, orderly and healthy development of cultural and creative industries in Songjiang District, the embarrassing situation that enterprises cannot play a role in the market and the industry lack service for further development in the process of the construction of cultural and creative industry park should be truly avoided only by the synergistic force of government, business and industry.

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