



## Global Economic Changes & Social Financing---The Challenges and Opportunities for Social Enterprises (SEs)

SHANGHAI FORUM 2017 Roundtable 04 Session 1

13:30-15:15, May 27th

**Chairman : Yang Qing, Chair of Fudan University Asset Appraisal Research Center**

**Moderator: Gao Xiang, Shanghai University of Finance and Economics Associate Professor**

**Zhang Zhongxiang Innovation, Green Finance and Sustainable Development**

**College of Management and Economics, Tianjin University Professor**

Now we need innovation, to maintain economic growth, we need innovation to save energy and reduce emission, so that China can meet the emission commitments. Innovation is fundamental. In order to achieve innovation, we need some means, such as internalization of external costs, increasing the cost of production factors, taxes and so on. By increasing the green demand of investors, such as issuing green debt, hoping the investors to made innovation, to guide business behavior. With innovation as a fundamental, green financing as a means, hoping that we achieve the purpose of economic growth can be sustainable.

**Zhang Yingchao How Austrian Startups impacts Entrepreneurship**

**University of Vienna; Assistant Professor**

I would like to talk about how the social start-ups are growing. There are different dimensions and characteristics of entrepreneurial social responsibility, and different opportunities. I think it is important to identify some opportunities and seize the opportunity. Entrepreneurship motivations can be divided into four points: ① for financial and economic considerations. ② motivated by education. ③ inner motivation. ④ motivated for venture. Entrepreneurs are not just for their own considerations, but they also have some social responsibility. In addition to increasing employment opportunities, they will also inject more vitality into society as a whole. Entrepreneurship success in common is that they are very focused on their own businesses and products, and they either focus on products, or focus on customers.



## Shanghai Forum 2017 Perspective Highlights

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**Yang Changjiang**  
**School of**  
**Economics Fudan**  
**University**  
**Professor**

### **Economic growth, technological progress and the RMB exchange rate**

Understanding the RMB exchange rate is the key to understanding China's current economic growth and financial stability, but also a key to understanding the transformation of the global economic landscape. In order to understand the RMB exchange rate, the Balassa effect is also the most influential academic theory. For China, if you want to understand China's exchange rate, we have to see China's economic structure has undergone tremendous changes. Early China's huge surplus labor force, making China in the high growth at the same time the price remained stable, or even decline, which is the great competitiveness of Chinese products. But in the near future there are some problems, so that the RMB will show a very significant appreciation of the trend. For China, the labor market is still critical. Our past economic advantages, the way using technology to reduce costs and then reduce the price has been to an end. Future technological progress should be reflected in the quality improvement and upgrading of industrial structure so that product prices can improve.

**LEE Eun Soo**  
**Korea Social**  
**Enterprise**  
**Promotion Agency**  
**Manager**

### **Measuring Social value and Social Finance in Korea**

First of all, I want to talk about what is a social enterprise. Secondly, I would like to introduce the social enterprises, as well as the Korean social enterprises in the financing situation. Social enterprises are designed to solve social problems, including creating sustainable employment opportunities, expanding social services, and injecting new vitality into local communities and markets. In 2010, we began to measure the value of social enterprises, we also refer to other countries of the social indicators of the measurement method. In 2013, we wanted to find indicators of social value. In 2014, we established the bank's social value standard, or established a database of social value indicators, covering a total of 10 industries with 704 indicators. In 2015, we selected some of the basic indicators of social value, including 44 indicators. Then we made forecast.



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**Li Zhiqing**  
**Center for**  
**Environmental**  
**Economic Studies,**  
**Fudan University**  
**Deputy director**

### **Corporate environmental disclosure index**

I want to share a recent study of the results, we made a listing of environmental information disclosure index. Corporate environmental information disclosure in our research, mainly through the policy, economy, law, and governance from four perspectives, to examine a business. We summed up how to disclose information about business environment-related information to form an index. So far, even in our entire enterprise group which is the most standardized and modernized sample groups, listed companies, the average degree of environmental information disclosure is still relatively low. In the industry enterprises and regions and other dimensions above, the index shows a more obvious differences in the characteristics and trends.

**Lu Hua, Zhang (Discussant)**  
**Zhongxiang, Zhang**  
**Yingchao, Yang**  
**Changjiang, LEE**  
**Eun Soo, Li**  
**Zhiqing**

To some extent, companies do have strong sense of social responsibility, the more revenue back to the public welfare. These enterprises in China's current society gradually generated in the process, the embodiment of the model is very diverse.

For corporate social responsibility, focusing on the roots, on the start of the founders of start-ups is a good way. When they are doing start-ups, they not only concern about their own interests, and will care about other people, hoping to contribute to the world.

(Editor: Wang Xuehua)



# Shanghai Forum 2017 Perspective Highlights

## Global Economic Changes & Social Financing---The Challenges and Opportunities for Social Enterprises (SEs)

SHANGHAI FORUM 2017 Roundtable 04 Session 2

15:45-17:30, May 27th

**Chairman : Yang Qing, Chair of Fudan University Asset Appraisal Research Center**

**Moderator: Xu Mingdong, Institute for Financial Studies. Fudan University Associate Professor**

**YOO Jae Hoon      Financing social enterprises in capital markets: Measurement, AIIB      Incentives, and Institutions**

**Director**

**General of the Office of the Controller**

The issue is more discussed in Europe, I hope in the future China and South Korea can be as a leader to further promote that in Asia. Some start-ups, innovative products, social start-ups, and social firms generally rely more on equity financing than debt financing. Because the information is opaque, or information asymmetry.

How to better fund social enterprises: based on the scoring system to enter the market, we have more quantitative way to provide public information to the capital market. Compared to create such a new intermediary, it is better to guide the existing institutions or structures, so that they can better finance the social enterprises, and serve the development of social enterprises.

**Wu Wenfeng**

**Antai College**

**Economics-**

**Management.**

**Shanghai Jiao**

**Tong University**

**Professor**

**Social enterprise financing and financial innovation**

First, how to define social enterprises. Social enterprise is both social and business. Social value is the traditional non-profit organizations, while the economic value is how we understand the commercial enterprises. Social enterprises are in the middle. A great business that can survive very well, at first it is to set solving social problems as the goal.

Second, the financing difficulties faced by social enterprises in mainland China. Traditional financing is the money provider providing you with funds, and in the future to be able to get a certain return on capital. Social enterprises do not have many guaranteed service agencies.

Third, the solution of the financing problem. Small service-oriented social enterprises, at the first stage can be financed by crowdfunding, through cost sharing and service sharing. The government can set up social enterprise development funds. In addition, the government can provide more help for



the early stages of social enterprises through policies.

**Tong Zheng**  
**MYbank**  
**Director of**  
**Legal**  
**Compliance**  
**Department**

### **Let global individual users & small and micro businesses enjoy equal financial services to share future opportunities**

Now the financial sector in the process of social financing encountered some problems, firstly, financial services is difficult to inclusive. Inclusive finance is hoping to fully and effectively promote all sectors of society and groups accessible to financial services. But inclusive and business, all goals at that time cannot be achieved at the same time.

Second: financial resources from the real to the virtual. Financial assets are more to invest in interbank lending, stock market, real estate market rather than into the small amount of small and medium enterprises.

In this context, we promote the digital inclusive finance. Internet banking depends on the long-term accumulation of Ali small loans, strengths and weaknesses in the service scene and strong data capabilities.

Inclusive finance is the future development trend. Technological innovation can in all directions reduce the cost of financial services, and let us reach the most basic small micro-enterprises become possible. Financial services costs are divided into four categories, acquisition costs, risk costs, operating costs, capital costs. Technology innovation can greatly reduce the first three costs. On the cost of capital, from the small loan to the MYbank today, is mainly to reduce the capital cost.

**Cai Zihao**  
**Department of**  
**Quantitative**  
**Finance,**  
**National Tsing**  
**Hua University**  
**Associate**  
**Professor**

### **The Development of Corporate Social Responsibility and Social Enterprises in Taiwan**

Social enterprises have considerable development restrictions, both in financing, and in the recruitment of employees, compared to the general business, and are not so much competitive. In Taiwan, corporate social development is developing slowly, but corporate social responsibility is developing very vigorous. Profitable business doing charity is difficult to achieve the maximization of shareholder value. On the other hand, nonprofit groups have limited management skills and are hard to profit. Government legislation is also very slow. Social enterprises are between nonprofit organizations and corporate social responsibility. Enterprises to do social responsibility in Taiwan is to flourish, one reason is to respond to social needs, second is to highlight the characteristics of enterprises, third is the traditional marketing changes, four is government subsidies, five is media participation. Capital markets support also exists; CSR can also be



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regarded as part of corporate governance indicators. As to how to encourage enterprises to do CSR, the government and the media can establish evaluation indicators, to promote enterprises to enhance their image.

**Zhao Shikun**  
**Shanghai Lixin**  
**Appraisal**  
**Co.,Ltd.**  
**Vice President**

### **Professional organizations should standardize the service in the whole life cycle of the PPP project**

PPP is known by many scholars as one of the most important things in the process of reforming the Chinese government and enterprises.

First, the production of PPP, the first reason is to solve the problem of local debt. Another important role of PPP is to solve the structural changes in the supply side of the problem. PPP is always to provide a public product of public goods products, to increase the supply of infrastructure, so as to truly solve our real economic problems.

Second, PPP is also facing a lot of risk, in addition to perfect laws and regulations, the advisory is to provide a large number of standardized services. We are to do the project in strict accordance with these relevant provisions to implement.

Third, the professional services provided by PPP in the project are from the project identification, project preparation, project procurement, project implementation and transfer phase, as a total of 28 things.

Fourth, for us, PPP we want to enhance ourselves, perfect professional and technical skills, have practical accumulation, perfect human resources and keep up theoretical research.

**Lu Hua, YOO (Discussant)**

**Jae Hoon, Wu**  
**Wenfeng, Tong**  
**Zheng, Cai**  
**Zihao, Zhao**  
**Shikun**

The social responsibility of an enterprise and the social enterprise we have just defined, may not be a relationship between zero and one, which is a gradual extension of the relationship. We are now talking about CSR and responsibility, which is to maximize the benefits of stakeholders. MYBank is to reduce the customer's capital cost. With the growth of these small and micro enterprises, not only the financing needs, but also the cash management accounts needs, including the income and expenditure of these payments. The bank can provide a comprehensive financial license. SPV company in PPP project is social capital holding, the majority is government shares. But the government absolutely cannot hold.

(Editor: Zhao Chunlan)