Social Enterprise in Taiwan

Yu-Yuan KUAN
Department of Social Welfare, National Chung-Cheng University, Taiwan

Shu-Twu WANG
Department of Social Work, National Pingtung University of Science and Technology, Taiwan
PREFACE AND ACKNOWLEDGEMENTS

This paper is part of a series of Working Papers produced under the International Comparative Social Enterprise Models (ICSEM) Project.

Launched in July 2013, the ICSEM Project (www.iap-socent.be/icsem-project) is the result of a partnership between an Interuniversity Attraction Pole on Social Enterprise (IAP-SOCENT) funded by the Belgian Science Policy and the EMES International Research Network. It gathers around 200 researchers—ICSEM Research Partners—from some 50 countries across the world to document and analyze the diversity of social enterprise models and their eco-systems.

As intermediary products, ICSEM Working Papers provide a vehicle for a first dissemination of the Project’s results to stimulate scholarly discussion and inform policy debates. A list of these papers is provided at the end of this document.

First and foremost, the production of these Working Papers relies on the efforts and commitment of Local ICSEM Research Partners. They are also enriched through discussion in the framework of Local ICSEM Talks in various countries, Regional ICSEM Symposiums and Global Meetings held alongside EMES International Conferences on Social Enterprise. We are grateful to all those who contribute in a way or another to these various events and achievements of the Project.

ICSEM Working Papers also owe much to the editorial work of Sophie Adam, Coordination Assistant, to whom we express special thanks. Finally, we gratefully acknowledge the role of our Supporting Partners, who are listed at the end of this document and presented on the Project’s website.

Jacques Defourny
HEC – University of Liege

Marthe Nyssens
Catholic University of Louvain

ICSEM Project Scientific Coordinators
# Table of contents

1. **Introduction** .................................................................................................................. 4

2. **Concepts and context of social enterprise in Taiwan** ................................................ 4

   2.1. Notion of social enterprise .................................................................................. 4

   2.2. Development of Taiwan's nonprofit sector in the past two decades ................. 5

   2.3. Significant factors influencing the rise of social enterprises in Taiwan ............. 6

      (1) Response to social needs ............................................................................ 6

      (2) Pursuit of financial stability and autonomy ............................................ 6

      (3) Influence of privatization of social welfare and paid service .................... 6

      (4) Government incentives and funding ......................................................... 7

      (5) Increasing emphasis by the business sector on practicing corporate social responsibility .... 7

3. **Typology of social enterprise model** ........................................................................... 8

   3.1. Work integration or affirmative enterprises ..................................................... 8

   3.2. Local community-based social enterprises ................................................... 9

   3.3. Social Enterprises Trading /Providing Social Services and Products ............ 9

   3.4. Venture capital business created for the benefits of NPO .............................. 10

   3.5. Social cooperatives ......................................................................................... 10

4. **Features of social enterprise development in Taiwan: Findings of 2006-2013 surveys** .............................................................. 12

   4.1. Organizational characteristics .......................................................................... 12

      (1) Incorporation and mission ......................................................................... 12

      (2) Major type(s) of service users and nature of services ................................ 13

   4.2. Management ........................................................................................................ 13

      (1) Sales targets of products and services ....................................................... 13

      (2) Channels for selling services or products ............................................... 13

      (3) Management challenges ........................................................................... 13

      (4) Human resources currently of pressing need ............................................ 14

   4.3. Governance .......................................................................................................... 14

      (1) Governance: changes in organizational structure .................................... 14

      (2) Governance: board and CEO ..................................................................... 14

   4.4. Role of the government ....................................................................................... 15

      (1) Financial resources .................................................................................... 15

      (2) Overall revenue .......................................................................................... 17

      (3) Support measures ....................................................................................... 18

      (4) Recent reforms ........................................................................................... 19

   4.5. Social impact ........................................................................................................ 20

      (1) Purpose ....................................................................................................... 20

      (2) Social impact ........................................................................................ ...... 20

5. **Conclusion** .................................................................................................................. 23

**References** ....................................................................................................................... 24

**ICSEM Working Papers Series** .................................................................................... 26

© Kuan and Wang 2015. Suggested form of citation:
1. INTRODUCTION

The discourse concerning “Social Enterprises in Taiwan: Characteristics, Development Trend, and Effect” zooms in on a period of about two decades, i.e. from the 1990s till now. This is a time when Taiwan society went through most rapid changes in the aspects of politics, economy and social needs. It is under such an environment that a wide variety of voluntary and non-profit organizations (NPOs) have gradually increased in number and developed. While competition between organizations for resources became gradually stringent, a wide range of policy incentives have been introduced by the government, which is keen to include NPOs as a partner in tackling serious unemployment issues and other social problems. The two factors combined have prompted a significant number of NPOs in Taiwan to continuously pursue a developmental path that features market orientation and industrialization while striving to fulfill their social welfare objectives. Consequently, “social enterprise” has found its applications in Taiwan, both as a notion and as a business model.

In Taiwan, the emergence of social enterprise is a still new phenomenon, and no broad consensus has been reached yet over a formal definition of the concept. However, in the current conception of the notion, social enterprise is defined by the adoption of an entrepreneurial and business approach with a view to achieving social missions rather than purely economic objectives. Particularly noteworthy are the facts that the notion of social enterprise usually refers in Taiwan to commercial entities or activities set up by NPOs, and that social enterprises are often not distinct legal entities, but “units”—or even simply activities—operated by their founding NPO. More importantly, the development of social enterprises in Taiwan has been closely linked with the evolution of the political context, and especially with the institutional changes in the environment, which have profoundly affected the operational efficiency of social enterprise initiatives launched by NPOs.

This paper consists of five parts. After the introduction, Section 2 gives an overview of the developmental course of social enterprises in Taiwan, exploring what social enterprise refers to and what the major factors that have contributed to the rise of social enterprises in Taiwan are. Section 3 proposes a typology of Taiwan’s social enterprises, elaborating on the features and functions of the five major types of social enterprise identified. In section 4, based on the findings of our 2006-2013 surveys, Taiwanese social enterprises are analyzed from the point of view of (1) their organizational characteristics, (2) their management, (3) their governance, (4) the role of the government, and (5) their social impact. Finally, section 5 offers a summary and conclusion in accordance with the above analysis.

2. CONCEPTS AND CONTEXT OF SOCIAL ENTERPRISE IN TAIWAN

2.1. Notion of social enterprise

The notion of social enterprise has never had a finalized definition since social enterprises, be it in Europe or America, have existed since their emergence under many different organizational forms. The notion of social enterprise can refer to an NPO that has taken the initiative to obtain the resources that it needs through a commercial approach, or to an NPO that has done so to achieve its social mission. It can also refer to businesses with a social mission that have been established by for-profit businesses driven by a sense of corporate social responsibility (Johnson 2000). Defined from an NPO or third sector perspective, a social enterprise refers to a nonprofit organization that is dedicated to the provision of social goods and that, besides traditional
sources of income such as public donations and participation in voluntary services, also relies to a significant extent on profits derived from government reimbursements or consumption in its for-profit businesses as well as on income generated by its commercial activities (Kingma 1997; Borzaga and Solari 2001).

In Taiwan, NPOs with a commercial approach or with for-profit business units began to emerge as early as the beginning of the 1990s, with examples like the bakery-restaurant of Children Are Us Foundation, the wheelchair business of Eden Social Welfare Foundation, car wash centers and gas stations of the Sunshine Social Welfare Foundation, or the sale of books, cards and eco-tours of the Society of Wilderness. Also, from end of the 1990s till now, Taiwan’s public sector, in an effort to alleviate the social impacts of rising unemployment rates, began to roll out relevant policies like the Social Welfare Industrialization Policy, the Multi-channel Employment Service Program (launched by the Council of Labor Affairs) and the Industrialization of Care Services (jointly launched by the Council for Economic Development, Health Department and Social Affair authority). As a result, many NPOs started to incorporate for-profit, commercial activities into their regular operating plans.

2.2. Development of Taiwan's nonprofit sector in the past two decades

In Taiwan, charitable events organized by nonprofit groups can be traced back to the beginning of the 19th century, but the development of the third sector and NPOs such as they are defined by the western society has a relatively short history. If one considers the lift of the martial law, in 1987, which involved lifting the ban on meetings and associations by the people, as the turning point in the developmental course of Taiwan’s nonprofit sector, then this sector’s prosperous growth has covered a period of slightly over twenty years (Hsiao 2009). During this period, however, the nonprofit sector has not only grown drastically in terms of number and size of organizations; it has also mobilized more resources for social welfare, heightened the public awareness of and concern for social issues, developed a voice that speaks on behalf of people, and assisted and delivered services to numerous disadvantaged groups.

Taiwan’s NPOs generally fall into two categories: (1) associations that are based on membership, and (2) foundations that have funds devoted to the pursuit of public interests or charitable purposes. Due to the unique historical background of Taiwanese society, notably a prolonged martial law period coupled with a highly controlling regime, the vitality for forming civil groups in the society was suppressed for many years. It was not until the martial law was lifted by the government, in 1987, that civic groups began to register significant growth. Statistics from the Ministry of the Interior indicate that, as of 2013, registered civic associations totaled 42,354; this represents a sharp increase, from 15,309 in 1999. This highlights a sustained momentum of vitality and enthusiasm for developing the civil society in Taiwan (Ministry of the Interior, Taiwan, 2014/12/24). Concerning the number of endorsement-based foundations, Hsiao and Kuan (2015) estimate that there are about 6,000 foundations of various types in Taiwan.

The major characteristics of the nonprofit sector’s development in Taiwan in the last two decades can be described as follows (Kuan 2007):

The number of NPO has increased rapidly. The Taiwanese government has untied its rules governing the application for the establishment of civic groups and nonprofit organizations. Social forces have emerged rapidly and then caused the growth of nonprofit organizations that are founded on people’s autonomy and voluntary commitment. To adapt to the changing needs
of the Taiwanese society, the services rendered by NPOs have become very diverse. Funding of both social organizations and foundations generally depend on donations, membership dues and government support. With regard to obtaining resources, competition among nonprofit organizations is becoming more and more apparent. Under such a development context, it is understandable that some NPOs in Taiwan are embracing a social enterprise model. The next section will explore key factors of the rise of social enterprises in Taiwan.

2.3. Significant factors influencing the rise of social enterprises in Taiwan

Major factors that have contributed to the rise of social enterprise in Taiwan in recent years can be summarized as follows: (1) response to social needs; (2) pursuit of financial stability and autonomy; (3) influence of privatization of social welfare and paid services; (4) government incentives and subsidies; and (5) an increasing emphasis by the business sector on corporate social responsibility practices (Kuan 2007).

(1) Response to social needs

Social welfare NPOs in Taiwan usually serve clients who belong to disadvantaged groups that suffer social exclusion, such as people with disabilities, low-income housewives, unemployed middle-aged or senior people, or workers of indigenous ethnicity. Such clients often have difficulty in finding a job due to low levels of acceptance by the mainstream society, and some of them may need special treatments like rehabilitation and therapies. Social welfare NPOs have responded to such needs by adopting a business model of social enterprise. Establishing sheltered workshops that meet the clients’ specific needs is one of such effective approaches.

(2) Pursuit of financial stability and autonomy

Donations from the general public are the major source of income for associations and foundations alike; government subsidies and government project funds come as the second largest source. Due to the fact that the number of NPO keeps increasing year on year, competition for funding and resources has been heating up. Donations from the general public are not always stable, and people’s capacity and willingness to contribute financially also fluctuate with changes in the economic cycle. One significant case in point is that, in the two years that followed the earthquake which devastated the country in 1999, donations from the general public went to only a few large NPOs and government agencies for post-earthquake relief, leading many small-to-middle-sized NPOs in a predicament of drying up resources from donations. Government’s support may be a significant financial source for NPOs; it has nevertheless also caused them a number of management troubles linked to competition and compromise between different budget accounts and the order of priorities between policy-based programs, thus leading to instability in government funding to NPO.

(3) Influence of privatization of social welfare and paid service

Since as early as the beginning of the 1980s, the Taiwanese government has been promoting the privatization of social welfare, with Taipei and Kaohsiung cities being the forerunners with various privatization measures. Buying contracted services from private social welfare organizations and constructing buildings/facilities for social welfare services to be commissioned to private organizations through calls for tenders are the two main approaches...
that the government has adopted for privatization. NPOs that are commissioned by the
government to provide paid services can rely on a continuous inflow of government funding and
can take advantage of this opportunity to expand their paid services (such as home-care
services for long-term care, foster families, and day care for senior citizens) to other client
groups than those designated by the government. Consequently, a social welfare industry is
taking shape.

(4) Government incentives and funding

Although the Taiwanese government did not enact specific laws regulating the setting up and
operation of social enterprises, there indeed exist certain laws and decrees that encourage
nonprofits to engage in social enterprise activities. For example, the “Law for Protecting
Disabled People” stipulates that “the cost of goods produced and services provided by all
institutions or organizations for disabled people and sheltered workshops must be reasonable
and kept low. All levels of government agencies, public schools, public utility agencies receiving
government grants, institutions, and private schools are called on to prioritize the
abovementioned groups in making their purchases.” Because of this, the Ministry of the Interior
promulgated the “Method for Priority Purchase of the Goods and Services provided by
Institutions for the Disabled and Sheltered Factories”. This method mandates that all levels of
government agencies, public schools, public utility organizations and other institutions place
NPOs providing services mainly to the disabled on top of their list of suppliers, and that the
purchases acquired from them represent at least 5% of their total purchases. This particular
decree encourages certain nonprofits to establish their own social enterprises. As a
consequence, part of this policy helps provide those NPOs many trading opportunities.

In the effort of taking urgent steps to solve the unemployment problem, the government
promoted the “Multi-Employment Service Program” in the early 2000s. Nonprofit organizations
are asked to carry out the planning of employment promotion and at the same time provide
various short-term employments. Most expenses related to this program, in particular the
personnel’s salaries and benefits, are covered by the government. Under the policies and funds
assistance program of the Taiwanese government, the involvement of NPOs for the disabled
and the disadvantaged groups in a wide range of social enterprises has become an important
factor in the development of Taiwan’s social enterprises.

(5) Increasing emphasis by the business sector on corporate social
responsibility practices

In Taiwan, a significant phenomenon has been observed in recent years: besides the increase,
both in number and in dynamics, in the third sector, an increasing number of businesses in the
private sector have been embracing a systematic, long-term approach to participation in public
interest activities; these businesses are also willing to form partnerships with the other two
sectors instead of merely donating money or business products on a temporary basis. These
businesses, which are actively involved in solving social problems, in improving community life,
and in connecting for-profit activities with their social responsibility, can be referred to as
“corporate social responsibility” or “corporate philanthropy.” When practicing their social
responsibility, both transnational and domestic enterprises in Taiwan have emphasized
leveraging the overall organizational strength to support public interest activities. Furthermore,
in the process of promoting public interest activities, some businesses have formed strategic
alliances with NPOs in a long-term, stable partnership. The support provided by business
partners, who took the form of funding and of business knowledge and skills, has helped NPOs to stand on their own feet in the process of developing social enterprises.

3. TYPOLOGY OF SOCIAL ENTERPRISE MODELS

In Taiwan, broadly speaking, social enterprises can be grouped into five categories, namely: 1) work integration or affirmative businesses; 2) local community-based social enterprises; 3) social enterprises trading/providing social services and products; 4) venture capital businesses created for the benefit of NPOs; and 5) social co-operatives (Kuan 2007). These five types of social enterprise each have special characteristics and serve specific groups. For example, work integration social enterprises address the employment problems of disadvantaged groups; local community development organizations support the cultural and economic development of regional communities; venture capital businesses emphasize the generation of surpluses by a for-profit company to support the charitable activities of a NPO. However, the characteristics and structures of these five types of social enterprises are not mutually exclusive, and one type of social enterprise may also show traits attributable to other types of organizations.

3.1. Work integration or affirmative enterprises

Work integration social enterprises (WISEs) or affirmative businesses and enterprises providing social services and products are the most visible forms of social enterprise in Taiwan. This type of social enterprise is deeply concerned with socially disadvantaged minorities (especially the disabled) and it aims to integrate them in the labor market by providing them with proper training and employment assistance.

The findings of the comparative study of social enterprise in Taiwan and Hong Kong conducted by our research group (Kuan 2007; Chan et al. 2011; Kuan et al. 2012; Kuan 2014) reveal that the introduction of Taiwan’s WISEs served all types of handicapped individuals, but that the main target groups were the mentally handicapped, individuals with multiple disabilities, individuals with autism, and the physically handicapped. The main objective pursued by nonprofits launching WISEs in the field of service provision for people with disabilities is to provide job training and employment opportunities that will allow the handicapped individuals to connect with society and achieve self-empowerment in the long run. Some of these Taiwanese WISEs have achieved notable results in terms of vocational training, counseling and job placement for their beneficiaries; they have also contributed to change the public’s perception towards people with disabilities. Most social enterprises of this type establish workshops, sheltered factories or sheltered stores to provide job training and employment opportunities.

Most Taiwanese WISEs are small in size. Although their operating techniques are commercially oriented, they still rely heavily on the government’s direct or indirect support. Their funding mix for running the social enterprises combines government subsidies, operating profits and general donations. Taiwanese WISEs have been found to be highly active in exploring all sorts of possible channels of distribution, in particular the web-based channel. As for the governance adjustments, the findings of this study indicate that the governance structure of work integration social enterprises in Taiwan is now becoming gradually more diversified than before; specialization within the organization tends to increase in response to the development of social enterprises. Secondly, the CEOs of WISEs have a strong impact on decision-making concerning WISE operation and management. Nonetheless, driven by the concern that the ordinary
business manager may not necessarily buy into their social mission, a number of WISEs have chosen to improve their management capacity by offering relevant business training to the CEOs and managers of their social enterprise.

3.2. Local community-based social enterprises

The second type of popular social enterprises in Taiwan is the community-based social enterprise (CBSE), which emerged from the community development movement. These enterprises have delivered bountiful social and economic outcomes at the local, community level in recent years. Since 1987, when martial law was lifted in Taiwan, the strength of communities and civil society in Taiwan has gradually emerged, with voluntary and nonprofit organizations in various forms being created in local communities. They have played a leading role in gradually raising and strengthening community awareness, and this in turn has had profound impacts on the future dynamics and development of Taiwanese society.

In their efforts to improve local economy, some CBSEs have established their own enterprise units. Others have assumed a role of catalyst, facilitator, enabler, and resource integrator that brings together local residents and outside experts to help the local community develop their local industry, products and services, e.g. handicraft, cultural or tourism industries, as well as other services like creating marketing channels and offering local residents training programs for jobs that feature local elements. The ultimate goal of this kind of social enterprise is to vitalize the local economy, improve living conditions, enhance residents’ employability, raise residents’ willingness for public participation, and strengthen residents’ knowledge of local or cultural industries.

In terms of community participation, as human resources of the CBSE still rely on the participation of community residents, it is of great significance to build up trust and a sense of identity during the interactions with residents, in order to promote the community economy. Such involvement can be full-time or part-time; it can even be voluntary. In terms of government support, many CBSEs receive human resource subsidies, such as personnel expenses subsidies through the application of the “Multiple Employment Development Plan” promoted by the Ministry of Labor, which helps CBSEs to have a stable development. The government also supports CBSEs by purchasing products from them. In recent years, the government has engaged in the work of enhancing CBSE’s marketing capability.

3.3. Social enterprises trading/providing social services and products

NPOs deliver paid services and sells products which are all closely related to the vision or mission of the NPO concerned. Services offered by NPOs are usually paid for by users themselves or by a third party. In Taiwan, the number of NPOs with a social enterprise that offers paid services has been increasing. Examples include the TSUEI MA MA Foundation for Housing and Community Services, which offers information on renting and leasing houses and home-moving services; The First Children’s Development Center, which provides cleansing and temporary job services; and The Society of Wilderness, renowned for its work of promoting protection of nature and ecological systems, and which offers paid services in the field of nature tourism.

NPOs with social enterprise selling products insist that the products sold should to a certain extent relate to their works and at the same time play a significant role in facilitating the realization of their organizational objectives. For instance, the Society of Wilderness sells...
postcards, calendars and books on themes related to nature and ecology; the Garden of Hope Foundation sells stuffed dolls and books. These products have direct or indirect benefits for the clients, and they can be designed in such ways as to help achieve the organizational mission as well as promote the organizational image. Finally, it is also possible that some products are not directly related to the NPO’s mission but do help to generate income for the organization; the mineral water, ceramics and greeting cards and stationery sold by the Eden Social Welfare Foundation provide an example hereof.

3.4. Venture capital business created for the benefit of NPOs

In Taiwan, independent philanthropy venture social enterprises are far less numerous than the previous three kinds of social enterprise, but they also gradually start catching the attention of the general population. Their public functions are also quite obviously different from those of the former three kinds of organization. The so-called philanthropy venture social enterprise is a fast growing enterprise, with a development potential invested by one or several private business organizations or even by NPOs (e.g. sponsor foundations). In addition to investing in and helping setting up new enterprises, venture capital organizations also provide the necessary management support and supervise the development of the new companies until they gain steady growth. The operating profits of this kind of social enterprise are given back to parent organizations, in money or in kind (through feedback, profit distribution, a public accumulation fund,...), as agreed upon by the stakeholders. In other words, this kind of social enterprise is a for-profit company, which is created to generate profits for the parent philanthropy ventures (Pelchat 2004). The operating goal of this kind of enterprise is to generate profits, which can be assigned to one or several NPOs.

This kind of SE puts more emphasis on self-sustaining their business operation, expect to be self-sufficient, and pursue a goal of sustainable development. Current specific examples of this kind of independent corporate organizations founded by philanthropy ventures in Taiwan include the “Love Public Welfare Shop”, founded by the Garden of Hope Foundation, “Living Water Social Ventures”, created by entrepreneurs with cultural and media figures, and “Taiwan NGO Social Enterprise Co., Ltd.”, founded by civil society activists.

3.5. Social cooperatives

Social enterprises in the form of co-operatives have a long history in Europe. In the middle of the 19th century, the notion and practice of such social enterprise started to expand into other countries, and nowadays they can be found everywhere in the world under various forms, including inter alia farmer co-operatives, savings co-operatives, consumer co-operatives, and housing co-operatives (Defourny 2001). In Taiwan, social co-operatives existed as early as during the Japanese rule period (1895-1945). After World War II, western missionaries were active in promoting the savings co-operative movement in mountainous and rural areas in Taiwan. In the last century, co-operatives based on concepts similar to those of the Italian social cooperative model have also come into being in Taiwan; the most notable examples are the Housewives’ Union Consumption Co-operative (HUCC) and the Aboriginal Labor Co-operative (ALC).

HUCC as a social enterprise was founded by Housewives’ Union and Foundation in 2001, with the aims of convincing the producers—thanks to the power of collective purchasing behavior by HUCC’s members—to produce products that are healthy and safe, and of instilling the notion of environmental protection among HUCC’s members by informing them about the products’
origin and ingredients. This co-operative is involved in the production and distribution of products and organizes speeches to convey relevant notions like environmental protection and quality of life to producers and consumers participating in its co-operative network. As a long-time champion of the co-operative movement, HUCC has many pickup stations for the provision of products in urban areas throughout Taiwan and is relatively large in terms of both its organizational scale and membership. Currently it has over 17,000 members and supplies over 600 types of products (HUCC webpage, 2006/03/09).

ALC is a co-operative established by the aborigines living in Northern Taiwan and whose operation is based on the principles of equality and mutual help. Their purpose is to improve the skill levels of the aborigines and eliminate exploitation in the subcontracting process through the implementation of a co-operative mode of operation. Since co-operatives of this type are run and supervised by the indigenous peoples themselves, they are conducive to developing aboriginal cultures and improving their members’ living standards. ALC has economic and social functions: economically, the co-operative serves as a contractor that offers jobs to its members and eliminates potential exploitation by middlemen, thereby securing higher income for and improving the financial status of the aborigines. Furthermore, ALC safeguards the quality of the work place for its members and is therefore conducive to improving their working conditions. Finally, any surplus at the end of a year must be redistributed among its members according to the total number of working hours performed by each individual member. Consequently, ALC has had a significant effect of securing income for the aborigines (Chi 1996).

Table 1 proposes a typology of social enterprises in Taiwan. Three broad categories of social enterprise can be identified on the basis of their orientation, namely: a) employment-oriented initiatives; b) empowerment-oriented initiatives; and c) “business-like” initiatives. It can be observed that social entrepreneurship in Taiwan is fairly developed in all three categories.

<table>
<thead>
<tr>
<th>Major SE categories</th>
<th>Type of SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment-oriented initiatives (work integration)</td>
<td>Work integration/Affirmative businesses</td>
</tr>
<tr>
<td>Empowerment-oriented initiatives (community/user empowerment)</td>
<td>Local community-based social enterprises</td>
</tr>
<tr>
<td>Business-oriented initiatives (business-like methods)</td>
<td>Social enterprises trading/providing products</td>
</tr>
<tr>
<td></td>
<td>Social venture model</td>
</tr>
</tbody>
</table>
4. FEATURES OF SOCIAL ENTERPRISE DEVELOPMENT IN TAIWAN: FINDINGS OF 2006-2013 SURVEYS

In 2006, our research team, organized by Kam-Tong Chan, Yu-Yuan Kuan and Shu-Twu Wang, initiated a comparative study of social enterprises in Taiwan and Hong Kong. The first survey, carried out in 2006, focused on exploring the organizational characteristics and the operational differences between social enterprises in Taiwan and Hong Kong. The second survey of the comparative study of social enterprises in both regions was conducted in 2010, while the third survey was conducted in April 2013 (Chan et al. 2011; Kuan et al. 2012; Kuan and Wang 2013). This section, which is based on the panel study research approach, will provide a description of Taiwanese social enterprise’s defining features since the mid-2000s.

4.1. Organizational characteristics

(1) Incorporation and mission

In the 2013 survey, a total of 110 questionnaires were collected, out of the 430 questionnaires distributed to the five types of social enterprises, which corresponds to a return rate of 25.6%. Among the respondent organizations, the majority (59.1%) were associations, followed by foundations (31.8%). The results show that social enterprises in Taiwan are mostly associations, while foundations account for nearly one third of social enterprises. Regarding the mission of parent organizations of social enterprises in Taiwan, the majority were social welfare services (78.4%), followed by community-building (26.2%), education (24.1%) and culture and arts organizations (20.7%). These data imply that in Taiwan most NPOs running social enterprises have embraced a mission of social welfare services, followed by community building; community-based, grass-root NPOs dedicated to serving community residents and developing community industry and economy have been flourishing over recent years.

---

(1) The total number of enterprises in the samples and the response rate of these three surveys in Taiwan can be detailed as follows: the research team sent out surveys to 124 social enterprises (including 91 social enterprises offering sheltered employment to the disabled, 24 social enterprises working on community development and 9 social cooperatives) in May 2006; 43 social enterprises responded via phone calls and emails, which corresponds to a response rate of 34.7%. In 2010, the sample included 426 social enterprises (including social enterprises offering sheltered employment, social enterprises for community development, social cooperatives, social enterprises engaging in service provision and product sales, venture philanthropy organizations and other types of social enterprises) and the response rate was 27.2% (116 social enterprises responded). In the survey conducted in April, 2013, the sample included 430 social enterprises (including social enterprises offering sheltered employment, social enterprises for community development, social cooperatives, social enterprises that engage in service provision and product sales, venture philanthropy organizations and other types of social enterprises) and the response rate was 25.6% (110 social enterprises responded).
(2) Major type(s) of service users and nature of services

When asked about their main target service users, the respondent organizations operating social enterprises indicated that they were serving people with disabilities (60.0%) and community residents (40.0%). Comparatively, the percentages of organizations targeting other categories, such as people with low-to-moderate incomes (27.3%), the elderly (26.4%), children and adolescents (23.6%), and women (22.7%), were significantly lower. The substantial share of rehabilitants in the target group is consistent with the fact that most social enterprises in Taiwan are work-integration sheltered workshops or stores. This is highly related to the characteristics of government support, which includes a number of measures for the creation of employment opportunities by NPOs serving people with disabilities. In Taiwan, “production and sales” (67.3% of enterprises), “food and catering services” (49.1%), and “eco-tourism guide services” (28.2%) were the three most popular services provided by social enterprises.

4.2. Management

(1) Target clients for the products and services

The main target clients for the products and services provided by social enterprises were the “general public” (93.5% of enterprises), followed by “government units” (60.2%) and “corporations” (51.9%). These results reveal that the general public is still the main customer of social enterprises, and that government agencies have become a major customer; this is mainly due to the mandatory requirement that at least 5% of government agencies’ annual procurements be from NPOs devoted to promoting the welfare of the mentally or physically disabled under the “Law for Protecting the Rights and Interests of Mentally and Physically Disabled People”. In addition, the findings reveal that social enterprises in Taiwan give high priority to involve “corporations” as target clients for their products and services.

(2) Channels for selling services or products

The top three distribution channels for social enterprises in Taiwan are “online sales through dedicated website” (52.8%), “sales assisted by the government” (46.3%) and “sales by own internal unit” (45.4%). Other channels like “sales at sheltered workshops or stores”, “fairs and carnivals” and “sales through social, community networks” have each been identified as a distribution channel by at least 30% of social enterprises. On the whole, “online sales through dedicated website” has risen as the most important channel along with the popularization of the Internet in Taiwanese society. Furthermore, the diversity of the channels of distribution currently in use shows that social enterprises in Taiwan have been able to make use of diverse channels for the sale of their products and services.

(3) Management challenges

Regarding challenges for the management of social enterprises in Taiwan, respondents in the 2013 survey were proposed a total of fourteen items among which to choose. The results underscore that “lack of business knowledge, skills and experiences in the leadership of social enterprise” was considered as the biggest challenge by 51.4% of respondents; it was followed by the “difficulty of getting timely funding, sufficient for the development” (48.6%) and the “difficulty of attracting professionals with both social mindsets and management knowledge”
(38.7%). The “difficulty of developing marketing channels for products and services” and the “lack of public understanding and recognition of NGOs operating social enterprises” were each cited by 37.4% of respondents. The results indicate that challenges for the management of social enterprises in Taiwan concern four aspects: human resources (especially finding qualified professionals for leadership and business management), financial resources, marketing channels, and public identity.

(4) Human resources currently of pressing need

Regarding the most needed human resources for social enterprises, “technical personnel appreciating the organizational mission and having design, production and development capacities” was cited by 58.7% of respondents, followed by “marketing talents” (45.0%) and “management personnel who identify with the organizational missions and possess the relevant background of business administration” (42.2%). These results indicate that social enterprises in Taiwan have a high demand for business management talents endorsing the social mission of the organization.

4.3. Governance

The governance of social enterprise plays a crucial role in ensuring that management and strategic guidance maximize the organization’s capacity to realize its defined mission (Schmidt and Brauer 2006). The governance structure of a social enterprise can also be seen as a set of organizational devices that ensures that the organization’s mission is pursued (Defourny and Nyssens 2010).

(1) Governance: changes in organizational structure

In Taiwan, social enterprises having internally set up a designated unit to run the business and sales aspects were the most common among the respondent organizations: the percentage was 58.0% in 2013. Secondly, the respondent organizations either asked the administrative department to oversee the overall planning and management directly (36.2%) or to set up a steering committee such as “a business and sales advisory and steering committee” under the board of directors (5.8%). In addition, it is interesting to note that the percentage of “organizations having established a profit-making company which is solely responsible for the operation of social enterprise(s), the profits of which shall be contributed to the host organization or used to sponsor other non-profit organizations in the community” was 15.9%. When looking at the entire picture, the changes in organizational structure in Taiwan show that organizations tend to increase their specialization in response to the development of social enterprises.

(2) Governance: board and CEO

Respondents in the survey were asked to indicate if there had been any institutional adjustment in the functions of the board members and CEO resulting from the setting up of social enterprises. Most respondent organizations (75.5%) indicated that no adjustment had been made in the Board of Directors when establishing the social enterprises. A much lower percentage of the organizations (7.8%) indicated “raising the proportion of board members who have relevant background in business administration and financial taxation”, and a similarly low percentage of organizations (5.9%) indicated “raising the proportion of board members who have relevant background in legal and public administration”. However, over
one fifth of the respondents (23.5%) indicated that they would “designate one or a few board members to supervise the affairs of social enterprise units”. These figures show that social enterprises in Taiwan did not feel an urgent necessity to recruit people with background knowledge about running business onto their board.

Concerning the adjustments in the functions of the CEO, a high percentage of organizations responded that “the current CEO does not have any background in business administration nor any relevant expertise in the products and services” (38.1%). However, a substantial proportion of organizations indicated that “although the current CEO did not have any background in business administration, or any relevant expertise in the products and services, s/he has spent spare time to pursue further studies on relevant management knowledge” (51.4%).

The above research findings, which resulted from the 2013 survey, indicate that, upon launching social enterprises in Taiwan, organizations in general made no major structural adjustments to their board of directors. Nevertheless, organizations which had already set up designated units to run the business and sales aspects have gradually become the most common among responding organizations. Moreover, as for social enterprise’s governance in Taiwan, the survey revealed an increasing tendency for the CEO and manager of the organizations to spend spare time pursuing further studies on relevant management knowledge. On the whole, social enterprises boards in Taiwan are more likely to exhibit the philanthropic and democratic model of governance than a stewardship governance model assumed by Low (2006).

Apparently, CEO is in current a major driving force influencing the governance development of social enterprises in Taiwan. However, a case study of SE governance in Taiwan that we conducted in 2011 indicated that boards work effectively to make sure that the SE governance can become a crucial device for connecting social values with social needs. Surveyed enterprises firmly expressed that the main concern of their boards of directors when dealing with affairs regarding social enterprise was to place the fulfillment of social goals as the first priority and the economic goals as the second one. In other words, the findings of this case study confirm the significant legitimizing role of SE boards in the protection and achievement of the social mission for disadvantaged groups. This study also obviously provides empirical support to the EMES model (Defourny and Nyssens 2010), emphasizing collective forms of governance to guarantee the fulfillment of the social mission.

4.4. Role of the government

This section intends to address the role of the Taiwanese government in promoting the development of social enterprises and to analyze the way in which recent public policy measures prompted by the Taiwanese government have impacted the development of these organizations.

(1) Financial resources

The result of the 2006 survey revealed that the most frequently cited sources of funding of social enterprises in Taiwan were “grants and commission fees from the government” (cited by 100% of surveyed enterprises), followed by “public donations” (88.1%), “sale of products and services” (76.2%), and “membership fees” (57.7%). In 2010, 77.2% of SEs in Taiwan indicated that their income came from the “grants and commission fees from the government”, followed by “sale of products and services” (70.2%), “public donations” (30.7%) and “membership fees” (22.8%).
2013, 80% of SEs received their income from the “grants and commission fees from the government”, followed by “sale of products and services” (70.9%), “public donations” (40%) and “membership fees” (20.9%) (see Figure 1).

As far as financial resources are concerned, the three surveys revealed that the “grants and commission fees from the government” and the “sale of products and services” were the two major sources of funding for Taiwanese social enterprises. It is worth noticing that the “sale of products and services” ranked right after the “grants and commission fees from the government”, which demonstrates the ambitions of Taiwanese social enterprises to seek financial independence and continuous development. Such results also show that the public sector has played a rather important role in the organizational expansion and management of SEs. Moreover, the findings also indicate that the development of the financial resources of Taiwanese social enterprises has gradually gone in line with the “efficiency” stressed by Dees (1998). In other words, social enterprises can diversify their financial resources and reduce their dependence on donations.

Figure 1 – Sources of funding of Taiwanese SEs in 2006, 2010 and 2013
(percentage of enterprises citing each source)
(2) Overall revenue

In terms of overall revenue, the survey conducted in 2006 revealed that Taiwanese social enterprises’ financial resources were insufficient: about 48.8% of the interviewed organizations had experienced deficit, while 27.9 % had broken even and 23.3% had generated surplus. It can thus be said that in general, Taiwanese social enterprises had experienced difficult financial situations in 2006. However, the results of the 2010 survey showed a different picture, indicating that the general revenue of social enterprises had improved: 47.4% of interviewed organizations had registered surplus, while 28.9 % had broken even and 23.7% had experienced deficit. But taking the impact of public subsidies into consideration significantly changes the picture: analyzing SE revenues after excluding public subsidies shows that, without public support, 52 % of organizations would experience deficit, while 23% would break even and only 25% would generate surplus. The results of the 2013 survey show a similar pattern (see Figure 2A and Figure 2B). These results highlight the importance of the government resources for social enterprises.

Figure 2A – SE overall income in 2010
(before and after deducting public subsidies)

```
<table>
<thead>
<tr>
<th></th>
<th>Before deducting (%)</th>
<th>After deducting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Surplus</td>
<td>25.0</td>
<td>47.4</td>
</tr>
<tr>
<td>(2) Deficit</td>
<td>23.7</td>
<td>52.0</td>
</tr>
<tr>
<td>(3) Balanced</td>
<td>28.9</td>
<td>23.0</td>
</tr>
</tbody>
</table>
```

Figure 2B – SE overall income in 2013
(before and after deducting public subsidies)

```
<table>
<thead>
<tr>
<th></th>
<th>Before deducting (%)</th>
<th>After deducting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Surplus</td>
<td>16.0</td>
<td>36.7</td>
</tr>
<tr>
<td>(2) Deficit</td>
<td>29.4</td>
<td>63.0</td>
</tr>
<tr>
<td>(3) Balanced</td>
<td>33.9</td>
<td>21.0</td>
</tr>
</tbody>
</table>
```
(3) Support measures

In terms of the support measures implemented by the government of Taiwan (See Figure 3), the 2006 survey revealed that 78.6% of the interviewed organizations indicated that they had received government’s grants for social enterprises. Apart from the grants, a significant share of interviewed organizations further indicated that “providing consulting services through onsite visits” (50.0% of enterprises) and “setting up of relevant websites by the government for integrating marketing information” (42.9%) were practical and innovative support measures for the development of social enterprises. The 2010 survey also revealed that the most effective governmental support measure for the management of social enterprises was “providing grants for hiring employees” (cited by 69.7% of surveyed enterprises), followed by “support from the government for hardware such as premises and equipment” (31.2%), “providing consulting services through onsite visits” (30.3%), “providing grants for business operation and training” (28.4%) and “direct purchase of goods and services by the government” (27.5%).

The most recent survey (2013) re-emphasized the importance of all types of grants, including “providing grants for hiring employees” (cited by 74.5% of surveyed organizations), followed by “providing grants for business operation and training” (37.3%) and “support from the government for hardware such as premises and equipment” (36.4%), “providing consulting services through onsite visits” (32.7%), “setting up of relevant websites by the government for integrating marketing information” (31.8%) and “direct purchase of goods and services by the government” (30.0%). As a matter of fact, these governmental support measures were quite similar to those cited in the 2006 and 2010 surveys, which were mostly related to grants, software/hardware facilities, usage of the equipment and premises, consulting services through onsite visits and vocational trainings, support in marketing through local authorities and setting up of websites to integrate the marketing information on products and services.

Obviously, the most effective measures implemented by the Taiwanese government to support the operation of social enterprises would be “financial measures”, followed by “capacity-building of business operation through consulting services or trainings” and “developing marketability”. On the other hand, governments dedicated less attention to shaping a “legal framework” for social enterprises and to “fostering cross-organizational and cross-sectoral cooperation”.

ICSEM Project  c/o Centre d’EconomieSociale  HEC Management School, University of Liege  Sart-Tilman, building B33, box 4  B-4000 Liege  BELGIUM  
Website: http://www.iap-socent.be/icsem-projecte-mail: icsem-socent@emes.net
(4) Recent reforms

When we attempted to examine the transformation of the Taiwanese government’s policy measures for the development of social enterprises since the mid-2000s, we discovered that although the government continued to underscore the importance of financial measures, it had gradually shifted its core goals, from “employment-centered” goals to the “capacity building” of social enterprises; the 2010 survey revealed the emergence of policy measures such as “providing consulting services to develop healthy social enterprises” and the “Multiple Employment Service Program- Fostering Plan”. The provision of consulting and training services and the enhancement of marketability are expected to further develop the business operational capacity of social enterprises; these are the core policy measures that the Taiwanese government has adopted for promoting the development of social enterprises.
Although the Taiwanese government does not intend to pass special legal acts for the promotion of social enterprises, we observe that the issue of social enterprises has been emphasized in some public policies, such as the “Guiding Principles for Taiwanese Social Welfare Policy” and the “Guiding Principles for Social Gender Equality Policy”, which both emphasize the importance of collaboration between the government and the NPO sector to create an environment favorable for the development of social enterprises.

Social enterprises in Taiwan still need to be attentive to two major traps. One is the possibility that they be confined to a residual, complement-type role, helping the government to make up for insufficient public employment services. The other is the risk for social enterprises to become excessively dependent upon government grants, resulting in the “institutional isomorphism” phenomena. Indeed, from the point of view of institutional theory, governmental financial support and relevant legal norms sometimes benefit social enterprises’ business and development, but the occurrence of “institutional isomorphism” may also inhibit social enterprises’ possibilities for diversified development.

4.5. Social impact

(1) Purpose

Our 2013 survey revealed that the major purposes of establishing social enterprises in Taiwan were, by descending order, “job creation for disadvantaged groups” (cited by 70.9% of respondents), “improving the income of employed members from disadvantaged groups” (60.9%) and “building organizational capacity for self-sufficiency” (56.1%). Over half of the respondents also cited “offering job training” (52.6%), and about forty percent identified “improving social adaptability of the disadvantaged groups” (40.4%) as one of their major purposes. On the whole, social enterprises in Taiwan are established mainly for social purposes, though economic purposes—such as the hope of enhancing economic self-sufficiency with revenue from earned-income business operations—are also part of their considerations. Obviously, these results are consistent with the concept of a double bottom line.

(2) Social and economic impact

Within the impact of social enterprise such as it emerged from our 2013 survey, two aspects could be distinguished: a “social” aspect and an “economic” one. When asked about the positive social impacts of running a social enterprise, most respondent organizations in Taiwan cited “employment creation and on-the-job training opportunities” (71.8%); this was followed by “being able to provide services which better meet the needs of service users” (59.1%), “increasing the confidence and capabilities of the target groups to return to the competitive market” (57.3%), and “facilitating the pursuit of the welfare missions” (52.7%). As for the economic dimension, a majority of the respondent organizations (71.8%) in Taiwan in 2013 expressed that social enterprise could “increase the income of the disadvantaged”, while 66.4% of the respondents pointed out that social enterprise could “enhance the capacity of the organization to become self-reliant”. Finally, over half of the respondents (54.4%) indicated that social enterprise could “improve the image of the organization”.

On the basis of all these empirical results, it seems relevant to provide a synthesis (table 2 hereafter) highlighting the main features of the “social enterprise phenomenon” as it has developed in Taiwan, even beyond the diversity of models identified in section 3.
Table 2 – Models of social enterprise in Taiwan: Defining features

<table>
<thead>
<tr>
<th>I. Organizational characteristics</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporation and mission</td>
<td>• Mostly associations; foundations accounting for nearly one third of the former.</td>
</tr>
<tr>
<td></td>
<td>• Embracing a mission of social welfare services, followed by community building.</td>
</tr>
<tr>
<td>Type(s) of service users and nature of services</td>
<td>• A substantial share of rehabilitants (the disabled) in the target group.</td>
</tr>
<tr>
<td></td>
<td>• Work-integration sheltered workshops or stores are popular.</td>
</tr>
<tr>
<td></td>
<td>• Services most frequently provided by SEs: (1) production and sales, (2) food and catering services, (3) eco-tourism guide service.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Management</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management capability</td>
<td>• Generally lack of business management capabilities.</td>
</tr>
<tr>
<td>Mode of operation</td>
<td>• Adopting a variety of operation modes.</td>
</tr>
<tr>
<td></td>
<td>• Highly active in exploring all sorts of possible channels of distribution, in particular the web-based channel.</td>
</tr>
<tr>
<td>Marketing</td>
<td>• Attaching great importance to marketing management.</td>
</tr>
<tr>
<td></td>
<td>• Support in marketing through the government.</td>
</tr>
<tr>
<td></td>
<td>• Direct sales in shops.</td>
</tr>
<tr>
<td></td>
<td>• Internet sales and purchases.</td>
</tr>
<tr>
<td>Major challenges</td>
<td>• Lack of (1) SE business knowledge, skills and experiences in the leadership, (2) financial resources, and (3) public identity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III. Governance</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in organizational structure</td>
<td>• SE having set up designated units to run the business and sales aspects are the most common form.</td>
</tr>
<tr>
<td></td>
<td>• Tendency, among SEs, to increase specialization inside the organization.</td>
</tr>
<tr>
<td>Boards of directors</td>
<td>• Most organizations make no adjustment in the Board of Directors when establishing the SE.</td>
</tr>
<tr>
<td></td>
<td>• The main concern of the boards of directors when dealing with issues linked to social enterprises is to place the fulfillment of social goals as the first priority.</td>
</tr>
<tr>
<td>CEO and manager</td>
<td>• The CEO is in current a major driving force influencing the governance development of the SE.</td>
</tr>
<tr>
<td></td>
<td>• Increasing tendency for the CEO and manager of the SE to spend spare time pursuing further studies to acquire relevant management knowledge.</td>
</tr>
<tr>
<td>Governance model</td>
<td>• SE boards in Taiwan are more likely to exhibit the philanthropic and democratic model of governance than the stewardship governance model.</td>
</tr>
<tr>
<td></td>
<td>• Empirical support for the EMES governance model.</td>
</tr>
</tbody>
</table>
### IV. Role of the government

<table>
<thead>
<tr>
<th>Legal framework</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No specific law enacted yet.</td>
<td></td>
</tr>
<tr>
<td>• “Law for Protecting Disabled People”- requirement that 5% of purchases be made from NPOs providing services to the disabled, which can effectively encourage them to engage in social enterprise activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchasing policy</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Method for priority purchase of the goods and services provided by the institutions for the disabled and sheltered factories.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grants/subsidies from the government</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Medium ~ strong</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct purchase of products and services from the government</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Medium</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counseling visits</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Low ~ medium</td>
<td></td>
</tr>
</tbody>
</table>

### V. Social impact

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mainly social purposes, though economic purposes are also part of the considerations (hope of enhancing economic self-sufficiency).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social and economic impacts</th>
<th>Defining features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Employment creation and on-the-job training opportunities</td>
<td></td>
</tr>
<tr>
<td>• Providing services which better meet the needs of service users</td>
<td></td>
</tr>
<tr>
<td>• Increasing the confidence and capabilities of target groups</td>
<td></td>
</tr>
<tr>
<td>• Increasing the income of the disadvantaged</td>
<td></td>
</tr>
<tr>
<td>• Enhancing the capacity of the organization to become self-reliant</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the authors on the basis of section 4 (“Features of social enterprise development in Taiwan: Findings of 2006-2013 surveys”).
5. CONCLUSION

The past two decades have witnessed a more systematic development of social enterprises in Taiwan, which has in turn increased our understanding of this phenomenon in the country. Social enterprises were in their initial stage in the late 1990s. Until then, they had not been duly recognized by society, even though some already existed. Since the mid-2000s, social enterprises have been developing in diverse forms, their visibility has increased and they have started attracting more and more attention, to such an extent that the importance of issues related to social enterprises has been increasing. According to the survey conducted by United Daily of Taiwan in March 2015, 78 percent of the Taiwanese respondents already indicate that they identify with the social and economic goals of social enterprise. Moreover, 62 percent of the respondents express their willingness to buy the products and services provided by social enterprises in Taiwan (United Daily, March 22, 2015).

In this developmental context, two important driving forces have been identified by the present study. One is the fact that NPOs have begun to embrace the notion of social enterprise—they have been using it as a means to offer employment for their target clients, on the one hand, and to enhance their financial self-sufficiency, through the commercial operation of social enterprise, on the other hand. The other driving force is the government’s support and the relevant laws and regulations that it has adopted. The government of Taiwan has indeed played an important role in the creation of social enterprises and in supporting their operation through various measures, including subsidies for the personnel and special rights to land and building, which have helped NPOs avoid the competition with for-profit businesses (Kuan and Wang 2010).

In terms of typology of social enterprise, work integration social enterprises (WISEs) providing social services and products are the most visible forms of social enterprise in Taiwan. This type of social enterprise is deeply concerned with socially disadvantaged minorities (in particular, the disabled); it aims to integrate them into the labor market by providing them with proper training and employment assistance. The introduction of Taiwan’s WISEs served individuals with all types of disabilities, but the most important target groups have been the mentally disabled, individuals with multiple disabilities, people with autism, and the physically handicapped. Beside WISEs, community development social enterprises are also very popular in Taiwan; this can be accounted for by the development of civil society. Finally, referring to the attempt by Defourny and Kim (2011) to represent graphically social enterprise models as resulting from interactions between the market, the state and civil society, we would locate Taiwanese social enterprises in the area where the state interacts deeply with civil society; the vibrant dynamics of the third sector in Taiwan will probably make the approaches adopted more "civic-oriented".
REFERENCES


ICSEM WORKING PAPERS SERIES


Supporting Partners of the ICSEM Project: