Development and Challenges of Social Enterprises in Taiwan—From the Perspective of Community Development

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Abstract: Social enterprises (SEs) have formed a naturally conscientious atmosphere in Taiwan, which has not only diluted the boundary between society and enterprises, but also transformed the inherent thinking of nonprofit organizations (NPOs). SEs operate under cross-organizational and cross-departmental models. For years, the rapid economic development of Taiwan has focused on the pursuit of profit without focusing on the development of NPOs. Only after the economy began to slow down did society gradually see a new trend based on the concept of SEs and the cultivation of community self-sufficiency to solve social problems. Its successful implementation is of great significance to the sustainable development of Taiwan. Community industry is based on the community and it is people-oriented. From the perspective of sustainable development, community industry is invested in economic activities and creates multiple benefits to a sustainable community and to social, environmental, cultural, financial, and other developments. From the early “production and welfare construction” to the “new hometown overall construction policy”, Taiwan has placed emphasis on inherent local industry activation, such as the establishment of local industrial exchange centers, local industry sustainable mechanism construction, local characteristic small community enterprises, as well as economic plans, including “Sustainable Employment Hope Project” and “Diverse Employment Development Program”, promoted by the Labor Commission since 2001. All of these are focused on building and developing a community industry, and relevant authorities look forward to the vitality of the community industry to create more job opportunities and community interests. Based on literature review of social enterprise, this paper leads small- and medium-sized community industries to meet the development of business models from the economic perspective of commercialization and the social perspective of social innovation in order to solve the quality crisis that is faced by nonprofit organizations and to maintain the sustainable development of the enterprise. By the design of a nonprofit and mutual-assistance mechanism, poverty relief results can be obtained. SEs, which are similar to regular enterprises, can encounter challenging business environments and they must also possess the ability to assume business risks. Specifically, SEs must consider the dual goals of having a social mission while achieving economic goals. This study provides a detailed understanding of the existence and operational characteristics of SEs in Taiwan.

Keywords: social enterprise; community industries; social economy; Taiwan
1. Introduction

Social Enterprise is a newly developed field of study and it has also attracted much attention from academic and practical circles (Mair, 2006) [1], which regard it to as a global social issue (Nicholls, 2006) [2]. Although the study of social enterprises is increasing, it is still in its infant stage, and the subject of study is more focused on business models, case studies, instrumental analysis of operational benefits, or best practices (Bomstein, 2004) [3]. The main theoretical ground is often based on business research, and the methodology also prefers to highlight certain specific cases of a business strategy or depict the heroic image of social entrepreneurs. Although these studies have helped to highlight the research field of social enterprises, there are few theoretical discourses. For a new field of study, social enterprises not only lack an explanation from sociology, but also lack studies from the angle of social work and social policy. The rise of social enterprises can be said to be the result of both practical and theoretical efforts, giving us the opportunity to challenge, question, and mull over the common paradigm that we want to build (Mair & Matti, 2006) [4]. Austin (2006) defined social enterprise as follows: “Social enterprise are innovative conjunctures that may appear simultaneously in non-profit, commercial, and public sector, between departments, and activities that increase social value” [5]. Gidron & Hasenfeld (2012) and Battilana, J. (2010) believed that social enterprises are mixed organizations that are designed to achieve social and environmental goals through certain forms of business or trading activities [6,7].

According to the Taiwan Social Enterprise Innovation and Entrepreneurship Society, social enterprises (SEs) are organizations that are characterized by both a desire for profitability and to make a positive impact on society, which transforms or develops corporate social responsibility (CSR) into a sustainable business [8,9]. Chen (2014) stated that, in Taiwan, initiatives that are related to SE and social innovation are derived from two separate schools of thought, management, and sociology: one describes enterprises’ emphasis on social responsibility and application of management rules to create SEs, whereas the other in the fields of sociology and social welfare hopes that businesses can find self-supporting revenue sources in addition to government subsidies and donations [10]. Hu et al. (2012) stated that SEs are a new type of self-sufficient enterprise that integrate social values and financial sustainability to help solve neglected societal needs [11].

The trend toward SEs has become global, and Taiwan has begun to gradually establish an SE ecosystem through promotion by relevant organizations and individuals. This model of social change does not entirely rely on government resources; thus, SEs in Taiwan do not lose their autonomy due to receiving government subsidies. Instead, organizations form civil groups and obtain capital and resources from the market. These civil groups are not the same as regular nonprofit organizations (NPOs); instead, they are SEs acting in the public interest [12].

Lin (2008) believed that SEs are business ventures that are formed on the basis of “reducing or alleviating social problems or market failures”. These enterprises use entrepreneurial spirit, innovation, and market mechanisms to operate and generate social value. Consequently, sustainable business practices and serving society become complementary goals [13]. To gauge the status of Taiwan’s SEs, Kuan categorized them into five types: work integration or affirmative business, local community development organization, social enterprises providing social services and products, venture capital business created for the benefits of NPOs, and social cooperatives [14]. Most SEs in Taiwan promote the integration of disadvantaged groups into the community by providing work opportunities and vocational training. By a literature review of other researchers’ experiences, the authors learned the structure and background of this topic from numerous second-hand materials, including academic journals, media reports, community discussions, and relevant statistics of governmental agencies, in order to further studies in this field.

According to the Social Enterprise Development Investigation Report [15] that was published by the Global Social Entrepreneurship Network (GSEN) in 2015, only 1% of social enterprises can successfully find their business model and grow in scale. In other words, 99% of social enterprises fail.
From this, we could state that starting up a social enterprise is not a sweet dream, but a long journey full of difficulties.

2. Status of SE Development in Taiwan

In September 2014, the Executive Yuan announced the “Social Enterprise Action Plan” to provide a clearer definition of what constitutes an SE in Taiwan. This plan defined SEs as nonprofit or for-profit organizations that solve social problems in areas including long-running challenges related to food, clothing, shelter, transportation, education, and entertainment, as well as newer concerns, such as geriatric care, community building, and environmental protection. Additionally, in response to the rapid expansion of the SE sector, many SEs provide support services to other SEs, such as consulting, venture capital, marketing, and professional information and communications technology services [16–22].

According to a survey that was conducted by Kuan and Wang in 2016, the objectives of SEs that were established in Taiwan are as follows: to create employment opportunities for disadvantaged groups (70.9%), to enhance the self-sufficiency of organizations (62.7%), to increase the income of disadvantaged groups (60.9%), to provide vocational training (56.4%), to enhance the social integration of disadvantaged groups (55.5%), and to increase the funding available for organizations (42%) [23]. Community development has also become a new direction for the development of SEs in Taiwan. These results are summarized in Table 1. Table 1 describes the process of Taiwan social enterprises. Under policy guidance, projects have slowly evolved, and community development has become the focus of social enterprises.

From Kuan and Wang’s work, the primary objective for the establishment of SEs in Taiwan is still the advancement of social causes. However, economic advancement has also begun to emerge as a leading purpose since revenue from engagement in production and marketing operations can enhance the self-sufficiency of organizations (Chan, Kuan and Wang, 2011) [24]. The Workforce Development Agency of the Ministry of Labor has continued promoting civil groups and creating various local community industries. This has not only directly created local employment opportunities but also indirectly contributed to local community development and struggling community industries. According to data from the Ministry of Labor, the programs that were implemented by civil organizations and groups can be divided into several categories: social services, cultural industries, tourism and recreation, environmental maintenance, and community industries.

Under the guidance of government policies, SEs in Taiwan have passed through the initial stages of foundation, development, and growth, demonstrating their sustainability and Taiwan’s desire for innovation.

<table>
<thead>
<tr>
<th>Priority</th>
<th>2006</th>
<th>2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employment and poverty alleviation</td>
<td>Employment and poverty alleviation</td>
<td>Employment and poverty alleviation</td>
</tr>
<tr>
<td>2</td>
<td>Empowerment and general public welfare</td>
<td>Bolster self-sufficiency of organizations</td>
<td>Bolster self-sufficiency of organizations</td>
</tr>
<tr>
<td>3</td>
<td>Bolster the self-sufficiency of organizations</td>
<td>Empowerment and general public welfare</td>
<td>Empowerment and general public welfare</td>
</tr>
<tr>
<td>4</td>
<td>Community industries development</td>
<td>Community industries development</td>
<td>Community industries development</td>
</tr>
</tbody>
</table>

Source: Kuan and Wang (2016) [23].

2.1. Foundation Stage

After the 921 Jiji Earthquake in Taiwan in 1999, the Council of Agriculture launched an employment and reconstruction plan in disaster-stricken areas by employing those seeking work from
affected households in the reconstruction of their homes, thereby providing them with motivation and a source of income [25]. Subsequently, under government guidance, the concept of community building gradually took form, in addition to the related aspects of labor division, fostering talent, and developing strategic alliances, thereby transforming community organizations [26]. Through careful planning by government and civil groups, the Multi-Employment Promotion Program to “promote local industry development as a means to create local employment opportunities” has resulted in mutually beneficial and reinforcing reconstruction efforts. In 2007, Taiwan officially introduced the concept of SEs. This has gradually become a mutually supportive SE ecosystem in terms of innovation incubation, venture capital, education promotion, community exchange, and community industry. Even before 2007, Taiwan had practitioners within industries or NPOs who used forward-looking and innovative thinking in order to create public-welfare value; some even had business models that employed sustainable development practices [27]. Kuan (2007) determined the following to be behind the rise of SEs in Taiwan: responding to social needs, NPOs seeking financial autonomy, privatization of social welfare, policy inducement and government subsidization, and focusing on the need for CSR [28].

Based on the 2013 analysis of 597 NPOs in the Multi-Employment Promotion Program by the Workforce Development Agency, NPOs are generally divided into community economy models (502 organizations), cooperative economy models (15 organizations), and work integration models (80 organizations) [18]. This distribution is outlined in Table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>Number of NPOs</th>
<th>Proportion</th>
<th>Organization Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community economy model</td>
<td>502</td>
<td>84.1%</td>
<td>Includes unions, associations, farming and fishing associations, and community development associations</td>
</tr>
<tr>
<td>Cooperative economy model</td>
<td>15</td>
<td>2.5%</td>
<td>Organizations that are primarily cooperatives</td>
</tr>
<tr>
<td>Work integration model</td>
<td>80</td>
<td>13.4%</td>
<td>Includes social welfare groups (organizations) and disability groups</td>
</tr>
</tbody>
</table>


The numbers in Table 2 show that the community economy model remains the core of SE foundation in Taiwan. Table 2 shows the distribution of social enterprises in Taiwan. The community economic model accounts for as high as 84.1%, which is in line with the fact that community development type is the cornerstone of existing Taiwan social enterprises. This also echoes with Table 1.

2.2. Development Stage

After 2009, the SEs of Taiwan entered a period of development. Organizations focused on welfare provision considered methods to further develop business activities that could create self-supporting revenue to increase organizations’ financial autonomy, whereas SE industries demonstrated a greater concern for social problems and actively examined how market demands could help to fulfill social responsibility, encourage innovation, and create shared value. Using the broadest definition of an SE, many civil organizations can be considered as planning to develop into SEs, including associations, foundations, sheltered workshops, and production cooperatives. SEs are considered the “blue ocean” strategy to resolving social problems in Taiwan. Social entrepreneurs or NPO directors in Taiwan have never ruled out the use of existing market models in order to develop businesses with sustainable financial income to achieve social value, and in fact, many have attempted to make reaching financial autonomy their primary strategy for fulfilling organizational missions.

Emerging industries require policy support, and this is also true for social enterprises, meaning a combination of business value and public welfare. In recent years, social enterprises in Taiwan have accumulated a lot of experience in local economy and social enterprise innovation. This wave of
energy also draws the attention of public departments, which have launched related policy support. On 4 September 2014, the Executive Yuan announced the “Social Enterprise Action Plan”, which confirmed the importance of SEs in Taiwan [16]. Through this announcement, the government intended to construct a vision of “building an ecological environment conducive to SE innovation, entrepreneurship, growth, and development” by adjusting regulations, establishing platforms, raising funds, and advocating the development of relevant strategies, as listed in Table 3. Governmental departments have implemented the Social Enterprise Action Plan for three years, and prepared a budget of NTD160 million since 2014. Table 3 shows the implementation willingness of social enterprises. According to the co-ordination unit, the implementation of social enterprises is a cross-department, across-organization work. Whether it is policy, regulation, exchange platform, capital budgeting, or talent cultivation, all aspects must be fully considered in order to maximize the output.


<table>
<thead>
<tr>
<th>Plan Strategy</th>
<th>Primary Work Items</th>
<th>Sponsor</th>
<th>Coordinating Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish platforms</td>
<td>Advertise to public and private sectors and establish SE benchmarks.</td>
<td>Ministry of Economic Affairs, Ministry of Labor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Connect SE communities and nonconventional networks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Set up a guidance system for SEs and establish a one-stop window and guidance dispatch mechanism.</td>
<td>Ministry of Economic Affairs, Ministry of Labor, Ministry of Health and Welfare</td>
<td>Ministry of Labor</td>
</tr>
<tr>
<td></td>
<td>Use SE mechanisms for a preliminary assessment of public requirements.</td>
<td>Ministry of Health and Welfare, Council of Agriculture, Environmental Protection Administration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conduct international forums and exchange activities for SEs and establish connected networks.</td>
<td>Ministry of Labor</td>
<td></td>
</tr>
<tr>
<td>Raise funds</td>
<td>Introduce resources such as venture philanthropy and angel investors to assist SEs in obtaining funds.</td>
<td>Ministry of Economic Affairs, Ministry of Labor, National Development Council</td>
<td>Ministry of Economic Affairs</td>
</tr>
<tr>
<td></td>
<td>Proposals for corporate organizations that practice CSR to invest relevant resources into SEs.</td>
<td>Ministry of Economic Affairs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposals for the addition of an SE credit guarantee project for small and medium business to guarantee credit.</td>
<td>Ministry of Economic Affairs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creation of a cabinet system to expand channels for the recommendation of SEs and encourage public participation.</td>
<td>Financial Supervisory Commission</td>
<td></td>
</tr>
<tr>
<td>Advocate development</td>
<td>Encourage existing educational centers to add a SE educational guidance mechanism.</td>
<td>Ministry of Economic Affairs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Use existing entrepreneurial development resources at colleges to assist with nurturing SE talents.</td>
<td>Ministry of Economic Affairs, Ministry of Labor, Ministry of Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Combine the resources of private enterprises and business incubation centers to establish an SE guidance team.</td>
<td>Ministry of Economic Affairs, Ministry of Labor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Take inventory of resources such as unused campus or public spaces for use in SE promotion and incubation.</td>
<td>Ministry of Education, Ministry of Transportation and Communications</td>
<td></td>
</tr>
</tbody>
</table>

Source: Executive Yuan (2014) [16].
During the initial stages of the government’s action plan, associations and workstations devoted their efforts to the construction of numerous local group industries. Although these were located in rural areas, after several years of implementing the Multiple Employment Promotion Project, impressive results were achieved in terms of organizational operation, industry development, and employment.

2.3. Growth Stage—Community Industry Development

Although rural communities may lack talent, technology, equipment, and funds, such communities often possess abundant alternative resources found only in the local area, such as indigenous cultures, cultural landscapes, stories, folk wisdom, native species, historic sites, cultural crafts, and local cuisine.

2.3.1. Community Industry’s Birth as a Social Innovation

A social innovation does not come from the imagination, but from knowledge and the concise study of problems. By using design thinking, good ideas that meet the requirements of the real world can be produced. Design thinking is a people-oriented problem-solving methodology that consists of five steps: empathize, define, ideate, prototype, and test, in order that the feasibility of the concept can be tested. After comprehensive thinking, a business idea can be closer to the spirit and implication of social innovation.

Products and services are no good if nobody uses them, even if the entrepreneur believes them to be good. If people are willing to use products but they are not willing to pay for them, they have no market value. According to the Lean Startup theory [29], entrepreneurs shall further stretch the concept of a prototype by using the minimum viable product. In times of change, market validation is an unstoppable process.

Changing social issues is a long journey, and community industries must find their sustainable development model to obtain enough resources and continue to change the targeted problem. If a social enterprise can bring more positive impacts to society, then its original start-up intention can be viewed as achieved.

2.3.2. Social Mission and Enterprise Governance of Community Industry

The original intention of a social enterprise was to solve social problems. However, we should not forget that the enterprise itself is also a small society, and it must manage people and money. Thus, social enterprises must consider their profits, as well as many other aspects. Social Enterprise Insights suggests that entrepreneurs construct a triangle of social responsibilities, organizational responsibilities, and enterprise promises in order to achieve their original intention. The first angle, social responsibilities, is more than the enterprise itself, meaning that it must be recognized by a third-party to publish a public welfare report for the public to learn about the operations of the organization; or, the enterprise can apply for the certification of B Lab in the United States, and such certified enterprises can be given the social responsible title of B Corp. The second angle is organizational responsibilities. Company law stipulates that board of directors and shareholder meetings must be held before the end of June each year. The executive team should prepare the previous year’s business report, financial statements, and profit and loss provision table, and submit them for the board of directors’ approval and for the recognition of the shareholders’. If these procedures are not conducted, then the enterprise violates the law. However, above the legal bottom line, social enterprises can also increase disclosure of information, strengthen governance transparency, and demonstrate the social benefits of implementing business operations. The third angle is the enterprises promises. Company law stipulates that if the company has a surplus, it must allocate a certain percentage of it to its employees. However, if social enterprises wish to demonstrate their commitment to the long-term prospect, they may set up a special surplus reserve fund, regulate its use in through the company’s regulations, and continue to develop its social mission.
Social enterprises should not forget their original intention. In addition to focusing on product quality and pursuing profit growth, they should return to their beginning point and conduct dynamic adjustment to meet beneficiaries’ real needs, maintain stable service energy, and continue to exert their influence.

2.3.3. Cooperative Innovation of Community Industry and Enterprise

The topic of how to expand community industry has always drawn many eyes. At present, more and more general enterprises have noticed the emerging power of community industries and have started to cooperate with community industries in various ways, such as financing, procurement, and counseling, in order to expand their social influence. This atmosphere can also serve as an opportunity for community industries to expand in scale, as community industries also hope to find the right enterprise partner and to enter the corporate supply chain. According to the Social Enterprises and Global Corporations Collaborating for Growth with Impact, as published by the Social Enterprise Startup Investment Acumen Fund in 2015, the cooperation of social enterprises and general enterprises can be categorized into different types, and the differences lie in priorities that are put on various aspects, such as motivation, goal, funding, and performance. The cooperation of social enterprises and general enterprises can be categorized into the following three types: channel partnership, skill partnership, and venture partnership. From this report, it is clear that community industry has the insights and innovation capabilities of social issues, while general enterprises have a large scale and more resources. Therefore, through cooperation between the two parties, enterprises can develop their core professionalism, enhance their brand image, and embrace the effects of "1 + 1 > 2", in order to solve the social problems that are highlighted by community industries and produce mutually beneficial win-win effects.

2.3.4. Community Industry and Governmental Support

All emerging industries need policy support, and this is also true for social enterprises, meaning a combination of business value and public welfare. In recent years, social enterprises in Taiwan have accumulated a lot of experience in local economy and social enterprise innovation. This wave of energy has also drawn the attention of public departments, and such departments have launched related policy support by outlining the complete appearance of Taiwan’s social enterprise policy development through mutual inspections and studies from the two perspectives of government and civil enterprises. In 2014, the Executive Yuan launched a three-year Social Enterprise Action Plan with a budget of NTD160 million, which invited the Ministry of the Interior, Ministry of Finance, Ministry of Education, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of Health and Welfare, and Ministry of Labor to cooperate and build up a favorable environment for Taiwan’s social enterprise innovation, entrepreneurship, growth, and development, according to the four strategies of amending regulations, building platforms, raising funds, and advocating development. When considering that social enterprises in Taiwan are still in the beginning stage, the Executive Yuan at that time decided to use administration-before-legislation as the overall policy guidelines, in order to set free the creativity of nongovernmental organizations. It did not presuppose any excessive legal restrictions; instead, it targeted the promotion of the development of social enterprise ecosphere.

In response to the limitations of current laws and regulations in Taiwan, and whether legislation of social enterprises should be put forward, in recent years, industrial, official, academic, and research circles have discussed such issues and have offered suggestions. Since President Ing-wen Tsai took office in May 2016, due to the beginning of company law amendments, a new wave of discussions regarding social enterprise legislation have occurred. While the company law amendment is still in progress, the amendment direction has slightly loosened the existing provisions of the company law and added new public welfare company chapters.
Social enterprises are flourishing in Taiwan’s civil society by solving social problems with social innovations and business models. For the government, the contributions of social enterprises can be mainly categorized into the following three types: gathering power in crisis and reconstructing local industries; combining community management and creativity and setting up local economy models for rural areas; and, creating employment for all people and enabling self-sufficiency through empowerment. A review the implementation of past policies shows that, due to the ossification of administrative and operational procedures, policies will occasionally cause inconvenience to civil and social enterprises, meaning that the goodwill of policies is wasted. When reviewing the government’s policy guidelines for supporting social enterprises, as seen from the perspective of social enterprises, future governments are expected to learn from past experience in general and not be kidnapped by the key performance indicators. In action, the private sector, the government, and private departments have their own fields, and they should focus their works in their fields.

“Something only the government can do” is actually creating a sound regulatory environment for social enterprises, as they can use innovative thinking to release and activate idle assets in order to support the development of social enterprises.

To utilize such resources, an economic process must be followed that always proceeds along a basic path: product, merchandise, service, experience, and then brand creation. Any industry can use these processes to increase its economic value and create a brand [30]. The Economic Process is illustrated in Figure 1.

Figure 1. Economic Process. Source: Pine, B. J. II. And Gilmore, J. H. (1999) [30], revised in the present study.

After reviewing relevant literature regarding the planning and establishment of community industries and the development of the Multiple Employment Promotion Program, six major dimensions were identified for the successful development of community industries as SEs: core values, organizational management, key competencies, distinguishing features, strategic resources, and value-added design, as shown in Table 4, and the dimension map of community development industries in Figure 2.
Table 4. Six Major Dimensions of Community Industry Development.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Content</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core values</td>
<td>Organizational mission</td>
<td>Founding ideals and objectives of civil organizations.</td>
</tr>
<tr>
<td></td>
<td>Social commitment</td>
<td>Proposals and social practices for improving society.</td>
</tr>
<tr>
<td>Strategic leverage</td>
<td>Links to resources</td>
<td>Establish links to local resources such as landscapes, ecosystems, festivals/ceremonies, cuisine, crafts, and people.</td>
</tr>
<tr>
<td></td>
<td>Strategic alliances</td>
<td>Regional alliances of homogeneous or heterogeneous organizations for community building or industrial development.</td>
</tr>
<tr>
<td></td>
<td>Internet marketing</td>
<td>Based on people’s right to internet access, use related tools to develop virtual stores and create business opportunities.</td>
</tr>
<tr>
<td>Value-added design</td>
<td>Cultural charisma</td>
<td>Local resources or culture that can be converted into value-added products.</td>
</tr>
<tr>
<td></td>
<td>Creative design</td>
<td>Value-added designs that combines the knowledge economy, experience economy, and other innovative trends.</td>
</tr>
<tr>
<td>Key competencies</td>
<td>Primary product</td>
<td>Popular products with profitability.</td>
</tr>
<tr>
<td></td>
<td>Customer service</td>
<td>Customer service and system implementation to promote product sales.</td>
</tr>
<tr>
<td>Distinguishing features</td>
<td>Social image</td>
<td>Public recognition or professional accreditation of civil organizations.</td>
</tr>
<tr>
<td></td>
<td>Community resources</td>
<td>Various distinguishing community resources.</td>
</tr>
<tr>
<td></td>
<td>Social capital</td>
<td>Diverse actions, mechanisms, and models to support social concerns.</td>
</tr>
<tr>
<td>Organization and management</td>
<td>Human resources</td>
<td>Cultivation of human resources such as grassroots volunteers, mid-level supervisors, and executive managers.</td>
</tr>
<tr>
<td></td>
<td>Financial planning</td>
<td>Planning for fundraising, making profits, and venture capital to enhance financial autonomy.</td>
</tr>
</tbody>
</table>

Source: Chen, Yong Jin (2014) [25].

Figure 2. Industrial Dimensions of Community Development.
The development of the community industry aspect in Table 4 is similar to the Strategic Triangle of the social enterprises strategy management by Moore & Khagram. Moore’s model can analyze social enterprises because it emphasizes the importance of defining the value of each organization’s quest for creation. In this case, the social enterprise has a dual value, since it strives to achieve the organic combination of social value and economic value. When it comes to social enterprise, the implementation of the mission is equivalent to creating [31].

The items that are covered by organizational core values are social welfare, environmental protection, ecological conservation, cultural protection, and employment promotion, whereas action plans, such as environmentally friendly consumption, food miles, low carbon living, and employment diversity are social commitments. The core values can be considered to be the catalysts for shaping Taiwan’s SE ecosystem and they have been shaped by research, training, guidance, publicity, and cooperation with SEs, NPOs, communities, governments, investors, incubators, and scholars. Beginning with the article “Creating Shared Value” that was published by Michael E. Porter in 2011, shared values are those that when dealing with societal needs and difficulties, create social as well as economic values. Shared values look to expand total economic and social value. Enterprises can create social value by redefining the productivity of traditional value chains, which in turn creates economic value [32].

Organizational management refers to the chief executive officer, project managers, and trained volunteers. Such management should actively seek to continue receiving social finance and fundraising while developing SEs. Organization type and focus continue to be selected based on profitability. To date, most SEs are focused on topics, such as technological innovation, culture, education, and fair trade, possibly because these are the easiest areas to turn a profit without relying on public donations. Organizations that promote CSR are mostly focused on environmental protection issues, partially because the trend toward environmentally sustainable practices is also an opportunity for future development. The commercialization of NPOs is not separate from their organizational mission, and these organizations mostly focus on disadvantaged groups [33].

Key competencies are based on local characteristics. Yang (2014) stated that SEs are defined by their nature, social influence, and operations; thus, SEs emphasize social issues that relate to their founding principles (e.g., environmental protection, care for disadvantaged groups, employment assistance, cultural preservation, and fair trade). However, SEs can also be defined during their operations, such as through a moving story, a luxurious product, or a dignified work [34]. Although their social influence comes from the social value that they create, the primary objective of SEs is ultimately to maintain continued operations. This is true across such varied examples as the Gaomei Wetlands experience and the Dajia Matzu Pilgrimage Procession, as well as local delivery services, guide services, visitor centers, and customer services.

Distinguishing features are vital to the success of communities or organizations, and these often take the form of accomplished individuals or unique cultural geography. By analyzing their thought patterns or psychological structures, elements that are crucial to SE successes can be extracted [35]. Examples of distinguishing features for SEs can be seen at the Joyce McMillan Erhlin Happy Christian Home in Changhua County, which has a reputation for professional care being gained from its dealings with disabled individuals; the L’olu tribal village in Heping District, Taichung, which has social capital from its joint kitchens; and, the Long-Yan-Lin Welfare Association in Zhongliao Township, Nantou County, which is known for its volunteer clinics.

Strategic resources link community resources to a common marketing strategy. If SEs have their own unique and innovative business models integrating strategic resources with sustainable development [36] or they pursue large-scale investment projects with a commitment to give back to surrounding communities, then it is possible for SEs and local communities to jointly share in successes [37,38]. Linking strategic resources can take many forms, such as: the resource linking of Taiwan ku fish, the Tanayiku River, the Formosan ku fish festival, and the Tsou-style cuisine of the Saviki village in Alishan; strategic alliances, such as the Right Bank Alliance of Linbian Stream and the
Seven Rainbow Villages of Jiujiu Feng; and, Internet marketing, such as the Taiwan Story Box with multiemployment and e-commerce shopping platforms.

Value-added design refers to the innovative ideas or practices of a single enterprise or organization that benefit all relevant stakeholders, which may serve as benchmarks or models for imitation. To facilitate ever-changing societal needs, knowledge is continuously generated and spread (O’Mahoney, 2007) [39]. Enterprises or organizations promoting their designs or activities will imitate, learn, and form alliances in order to determine the most effective means to communicate with other enterprises or organizations. A consequence of such exchanges is that business ethics spread and influence other enterprises to imitate and follow suit, which promotes a change in the ethical environment (Wu, 2016) [40]. Thus, SEs should have forward-looking designs to facilitate this diffusion effect.

The entrepreneurial designer William McDonough called for a production and consumption system that enables everyone to live a life where they are free to pursue happiness and no longer subject to excessive control; that is, oppression by poor design (Derry, 2002) [41]. In discussing how to reduce the human ecological footprint, McDonough said that human industrial civilization endangers nearly every ecosystem on Earth; there is no problem with the design of nature. The problem is with human design (McDonough, 2002) [42]. Community development organizations and civil organizations focus on their own strengths in the development of community industries. The Multi-Employment Promotion Program aimed not only to build supportive social mechanisms, but also to create sustainable local employment. Therefore, this study suggests that recruiting from diverse backgrounds serves as a pathway for the transition of community industries into SEs; that is, community industries lead to diverse employment, which in turn lead to SEs, and result in sustainable employment. The overall relational paths are illustrated in Figure 3.

Figure 3. Overall Relational Paths of Social Enterprises.
In Figure 3, the overall relational paths of SEs are illustrated based on the interaction and the sequential progress of the six major dimensions of community industry development. Taken together, they promote the sustainable development of rural communities and construct supportive SEs. This is a virtuous cycle of progress that is driven by commitment to the core values of SEs alongside organizational management overseeing the cooperation of public and private sectors in the implementation of the Multi-Employment Promotion Program.

According to 2017 statistics by the Ministry of Labor and Ministry of Economic Affairs regarding the number of SEs in Taiwan, there are currently 384 SEs and 11,343 potential SEs, as listed in Table 5.

**Table 5. Taiwan’s social enterprises (SE) Ecosystem.**

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Number</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current SEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate SEs registered with the SE registration platforms</td>
<td>106</td>
<td>384</td>
</tr>
<tr>
<td>Noncorporate SEs involved in the Multiple Employment Program + talent cultivation + SE registration platforms</td>
<td>278</td>
<td></td>
</tr>
<tr>
<td>Potential SEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEs under the guidance of the Ministry of Economic Affairs, excluding registered SEs</td>
<td>241</td>
<td>11,343</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>4348</td>
<td></td>
</tr>
<tr>
<td>Local development associations</td>
<td>6754</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Labor [18], Ministry of Economic Affairs (2017) [17].

The “2017 Survey of Social Enterprises” was conducted by the UDN survey center (2017) (Table 6) to discuss and examine SEs from the dimensions of “public awareness of SEs” and “the current status of SEs in Taiwan”. It outlined the awareness of Taiwanese society toward SEs and potential directions for SE improvement and was the first opinion poll on the status of SEs conducted in Taiwan. The survey was performed through a dual-frame survey of landline and cell phone numbers using random sampling; 1077 valid responses were collected. The survey results indicated that nearly 60% of SEs in Taiwan have been established for less than five years and 40% were still experiencing losses. Primary challenges facing SEs in Taiwan were recorded as “human resource shortages” and “a lack of marketing channels”. The awareness of the general public toward SEs did not increase in the two years between the surveys, with only 19.9% having heard of SEs. However, more people identified with the SE business model placing emphasis on both profit and public welfare. Specifically, 64% were willing to pay higher prices in order to purchase SE products or services, and 73% of people were happy to recommend SE products. In a further survey on the status of SEs in Taiwan, of interviewed SEs, 69.4% were registered as companies or trade names and 29.8% were NPOs, such as cooperatives, foundations, associations, and academic units. SEs in Taiwan are mostly young enterprises; 57.9% of interviewed SEs had been established for less than 5 years, 21.2% had been established for 6–10 years, and only 20% for more than 10 years. The social issues that are emphasized by SEs as important to them were extensive. Allowing for multiple responses, nearly 30% included food and agricultural innovation and services in rural areas or for disadvantaged groups. The percentages for environmental protection, promoting employment, and social concerns were all approximately 20%.

SEs in Taiwan are relatively low tech when compared with their counterparts globally. Most engage in host matching and can be easily imitated and replicated. Operations may become difficult for these SEs once well-funded enterprises enter the market. Table 6 summarizes the social enterprise survey. Table 6 shows that 2015 and 2017 have no significant impact on the increase or the decrease in social enterprise support and product consumption experience, which seems to coincide with the features of the small size of Taiwanese social enterprises and the lack of systematic experience.
### Table 6. Social Enterprise Survey (2017), Unit: %.

<table>
<thead>
<tr>
<th>Indicator Dimension</th>
<th>Item</th>
<th>Answer Options</th>
<th>2015</th>
<th>2017</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social cognition</td>
<td>Have you heard of SEs?</td>
<td>Yes</td>
<td>18.9</td>
<td>19.9</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Do you agree with the SE business model of considering profit while pursuing public-welfare goals?</td>
<td>Agree</td>
<td>77.9</td>
<td>78.6</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>Do you believe it is possible for SEs to consider profit while pursuing public-welfare goals?</td>
<td>Yes</td>
<td>64.1</td>
<td>64.7</td>
<td>0.6</td>
</tr>
<tr>
<td>SE product consumption experience</td>
<td>Have you used SE products before?</td>
<td>Yes</td>
<td>46</td>
<td>47.2</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>(Have used SE products)</td>
<td>Type of SE product or service used</td>
<td>Product manufacturing and sales</td>
<td>69.4</td>
<td>62.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dining services</td>
<td>37</td>
<td>43.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General cleaning services</td>
<td>9</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Home services</td>
<td>3.8</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Personal care services</td>
<td>3.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: UDN survey center (2017) [43].

### 3. Prospects and Limitations of Community Development

According to a survey by Dees (1998), 70% of SEs established within eight years are unable to maintain operations. This is because SEs lack detailed business models, which results in SEs being unable to overcome problems arising from finance, human resources, and market size insufficiencies [44]. The bottlenecks and response methods that were encountered during development were as stated by Evers and Laville. Because of the hybrid characteristic of SEs, they face crises of organizational mission, future positioning, organizational identification, and social capital. SEs must not only adapt to their environment, but must also propose appropriate response strategies to ensure sustainable operations [45].

According to a report by the Executive Yuan, six difficulties must be overcome for SEs to succeed in Taiwan: reinforcement of SE-related awareness and skills, expansion of channels for sourcing funds, development of SE marketing channels, amending SE development laws and regulations, integration of guidance resources, and external issues, such as human resource and research development [16]. Challenges facing SE human resources, services, products, and financial resources are outlined in the following subsections.

#### 3.1. Human Resources

Disadvantaged employees that are employed by SEs are often in a weaker position in terms of mental, physical, or societal function, as well as in their work experience and production capacity; consequently, their work arrangements must be adjusted, which may affect SE operations. SEs are often established by people unfamiliar with business administration and may not know how to establish an appropriate entrepreneurial model to compensate for insufficiencies in resources, skills, or awareness. However, SEs are unlike regular firms that can provide higher pay levels; as a result, they find it difficult to recruit and retain professional management talents. Although Taiwan’s government has provided subsidies for project manager personnel, these may still be unattractive to high-level management or marketing talents. Thus, existing personnel must learn new specializations and receive systematic education and training [46], which is an issue that must be addressed in the current development of SEs.

#### 3.2. Services and Products

The core concepts of SEs are based on sustainable development and are aiming for financial self-sufficiency. The operational and managerial requirements of SEs are not only different from those of traditional NPOs, but are also inclined toward a corporate governance model. However, corporate
governance and nonprofit governance are essentially different; differences exist between the two in terms of stakeholders, ownership, governance, and beneficiaries (Low, 2006) [47]. NPOs face the dual pressures of maintaining social image and market competitiveness, as well as a lack of marketing experience and funding. Most NPOs generally lack experience in strengthening production and marketing channels, and, as they have yet to locate a market segment to differentiate themselves from similar products, they cannot effectively promote products, which negatively affects their profitability. A holistic process of planning and implementing an idea, product, customer service, pricing, sales promotion, and distribution thus must be employed to satisfy individual and organizational goals [48].

3.3. Financial Resources

For entrepreneurs, the key element of entrepreneurship is not creativity itself, but rather it is the conditions for the marketization of creativity. However, transforming creativity into a product can be especially challenging for NPOs, which generally have limited resources. This is particularly so for small-scale SEs that cannot provide any collateral; banks are simply unwilling to undertake high-risk loans. Several studies have confirmed the difficulties that are faced by small- and medium-sized enterprises when seeking to obtain suitable financing services (Qureshi & Herani, 2011) [49]. Desa (2007) stated that during the early stages of development, SEs will inevitably encounter difficulties resulting from a severe environment and insufficient skill. Thus, SEs should employ multiple channels to integrate necessary resources, such as attracting relevant professionals, through having an attractive mission and vision, and utilizing the free resources of communities to reduce overheads [50]. SEs must obtain societal support, and this support derives from people identifying with organizational beliefs, which in turn leads to a willingness to purchase services or products and become donors or volunteers. Possibly due to their small scale, economic planning and implementation units have a limited scope of influence; however, they can help in cultivating communities and identification with local residents facilitates the gradual promotion of SEs [51].

4. Conclusions and Recommendations

4.1. Conclusions

Taiwan’s social enterprise development trajectory can be said to be synchronized with the international community; it also has highlights and characteristics of its own. Taiwan’s scale is smaller, and there is also a less systematic compilation of experience and explanation of the model. The operation of social enterprises, when selecting the system, tends to set legitimacy and company interest as priorities. Social enterprises additionally include social benefits, economic benefits, environmental benefits, cultural benefits, and other multiple goals. Cultural resources are the local identities of communities and also their cultural genes. These resources are unique, distinct, local, and irreplaceable, and they remain closely linked to local lifestyles. However, once communities have been empowered, the development and the innovation of community industries still requires cross-disciplinary support to establish an independent business entity that is capable of connecting with the world and mutually aiding others in the pursuit of social values. Taiwan’s Multi-Employment Promotion Program can be one path to transforming community industries into SEs by promoting cooperation between all parties to assist community industry rebuilding and value-added development opportunities [52,53].

The development of sustainable employment can be considered as one of the primary purposes of the government sector. Over many years, Taiwan’s government has cooperated with local civil groups to perform various social and economic activities to promote the development of SEs. Because SEs have both economic and social goals that promote values, such as social responsibility, empowerment, civic engagement, and social capital, they are a form of social engineering and an economic enterprise worthy of investment. Under such international trends and the current social atmosphere toward SEs, Taiwan’s government should lead and use existing powers to integrate resources and to fully
promote SEs, thereby realizing their potential. Such a policy would also promote social innovation and economic development.

4.2. Suggestions

Of the organizations in Taiwan that are considered to possess an “SE spirit”, 70% are public interest groups and 30% are private enterprises. The percentage of private enterprises has continued to grow, which demonstrates that an increasing number of individuals and organizations are establishing SEs as a means of private investment, which indicates the unique inclination toward small- and medium-sized enterprises in Taiwan. Accounting for Taiwan’s current state of development, the following policy recommendations are proposed in order to assist with the promotion of domestic SEs.

• Develop SEs from the perspective of economic policy and encourage social innovation.
• Establish a dedicated unit or communication platform at the department level or higher to integrate resources.
• Develop resource maps to provide a friendly development environment.
• Develop social enterprise incubation centers to encourage innovation and entrepreneurship among young adults.
• Strengthen the international links of SEs to develop benchmarking learning and international cooperation.

In the future, apart from exploring and demonstrating the characteristics of Taiwanese social enterprises, there are still many other factors that we can explore in the operation and value of the system of social enterprises. We look forward to the dialogue and links between practice and academia, and expect government departments to formulate supporting measures covering the legal system, policy, and overall development environment. Social innovation and social entrepreneurship have become the next wave of civic movement, and ecosystems based on these principles have quickly formed, thus marking a crucial milestone in SE development of Taiwan. If development can be sustained, then Taiwan’s SEs may well be able to inspire society toward creating a brighter future.

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