

The Governance of Social Enterprise in Taiwan: An Analysis Based on 2010 Survey Findings and Four Cases

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Abstract

Social enterprises in Taiwan are in a stage of growth, and are becoming more diversified. Solving the problem of unemployment and alleviating poverty seem to be two major goals pursued by NPOs when they set up a social enterprise. In order to make further inquiry into the development of social enterprises within the Taiwanese community, we consider it significant to shed light on the issues of the governance of social enterprises. As a result, this paper aims to explore the governance of social enterprises in Taiwan, including the analysis of several dimensions on issues such as the dynamics of the governance structure and function, board composition and CEO, and institutional adjustments in the board and CEO within the social enterprise sector in Taiwan. The data used for this paper come from surveys conducted in 2010. In addition, this paper will be supplemented by a collection of the qualitative data from interviews with key leaders (e.g., board members and

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CEOs) of four social enterprises in Taiwan.

Keywords: social enterprises, governance, nonprofit organization (NPO), boards of directors, chief executive officer (CEO)

I. Introduction

In Taiwan, nonprofit organizations (NPOs) with a commercial approach or for-profit business units began to emerge as early as at the beginning of the 1990s, with ample examples around the island. Also, from the end of the 1990s till now, Taiwan's public sector, in an effort to alleviate the social impact 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, the Health Department and the Social Affairs authority. As a result, many NPOs started to incorporate for-profit and commercial activities into their regular operating plans. This approach in its essentials is similar to the Social Economy and Social Enterprise policies launched in continental Europe. In a word, social enterprises in Taiwan are in a stage of growth, and are becoming more diversified. Addressing the problem of unemployment and alleviating poverty seem to be two major goals pursued by NPOs when they set up a social enterprise (Kuan, 2007; Kuan & Wang, 2010). In addition, in Taiwan, the significance of the role of social enterprises in helping marginal groups to become financially self-reliant is very much emphasized.¹

¹ It is interesting and meaningful to undertake a brief comparison of the development of social enterprises in Asia, for example, a comparison between those in Taiwan and Hong Kong. According to Chan, Kuan, and Wang (2011), social enterprises have been developing rapidly in both Hong Kong and Taiwan in the past decade; yet, social enterprises in these two regions differ in terms of nature and type. Social enterprises in Hong Kong have a more entrepreneurial orientation and are more market-driven than their Taiwanese counterparts. By contrast, due to the development of civil society, community development social enterprises are more popular in Taiwan than in Hong Kong. Chan et al. (2011) emphasized this point by making the following analysis: If one refers 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, one would probably locate Taiwanese social enterprises in a zone in which the state interacts deeply with civil society, while social enterprises in Hong Kong would be located in a zone representing a prevailing interaction of state and market. In spite of the limits of such a representation, our analysis certainly provides support to the general idea of a diversity of

In making further inquiry into the development of social enterprises within the Taiwanese community, we consider it significant to shed light on the issues of the governance of social enterprises. The governance of social enterprises plays a crucial role in ensuring that management and strategic guidance maximize an organization's capacity to realize its defined mission (Schmidt & Brauer, 2006). The governance structure of a social enterprise can also be seen as a set of organizational devices that ensures that its organization's mission is being pursued (Defourny & Nyssens, 2009).

In accordance with the above-mentioned ideas, this paper aims to explore the governance of social enterprises in Taiwan, including the analysis of several dimensions on issues such as the dynamics of the governance structure and function, board composition and CEO, and institutional adjustments in the board and CEO within the social enterprise sectors in both regions. In order to achieve this aim, the theoretical concepts employed in this paper will be critical review and the application of the prevailing governance theory in a social enterprise context. This includes the corporate governance model, which contains the agency theory and stakeholder & stewardship theories, and the democratic governance model, which mainly highlights the involvement of different stakeholders in the governance of an organization. The data used for this paper derive from surveys conducted in 2010. In addition, this paper will be supplemented by a collection of qualitative data from interviews with key leaders (e.g., board members and CEOs) of four large-size (total annual revenue is over 100 million NTD) work-integrated social enterprises operating now in Taiwan to further understand the association between the governance of social enterprises and the employment creation and poverty alleviation for disadvantaged groups.

Through such exploration, we expect to obtain significant findings on governance issues such as the transformation of organizational structure and the institutional adjustments of board members and CEOs in order to cater to the needs of the development of social enterprises in Taiwan. Furthermore, we will argue that the prevailing governance theories, both corporate and democratic models, are not able to fully explain the governance dynamics of social enterprises on this island. When elaborating on related issues in the governance functions of social enterprises, it is

social enterprise models as underlined by these authors, both within a given country and across countries in Eastern Asia: Indeed, although Hong Kong and Taiwan are both Chinese communities and are close to each other geographically, due to their differences in terms of socio-economic context and government policy, the development of social enterprises has followed quite different paths in these two regions.

necessary to take into account the factors of particular contexts and institutional settings.

II. Literature Review

A. Notion of Social Enterprise

The notion of social enterprise has never been designated a finalized definition since social enterprises, be they in Europe or the United States, have existed in many different organizational forms. It can refer to NPOs which have taken the initiative to obtain the required resources with a commercial approach, or NPOs which have done so to achieve their social mission. It can also refer to those businesses with social missions that have been established by for-profit businesses driven by a sense of corporate social responsibility. Defined from an NPO perspective, a social enterprise basically refers to a private, nonprofit organization that is dedicated to the provision of social goods and that, besides traditional sources of income such as donations and participation in voluntary services, a significant part of its income comes from profits derived from government imbursements or consumption in its for-profit businesses as well as commercial activities (Borzaga & Solari, 2004; Kingma, 1997).

From a European perspective, Defourny (2004: 16-18) and Defourny and Nyssens (2010: 11-12) portray the EMES' definition of social enterprise as: 1. "Economic and Entrepreneurial dimensions," which includes (1) continuous activity producing goods and/or selling services, (2) a significant level of economic risk, (3) a minimum amount of paid work; 2. "Social dimensions," covering the following elements: (1) an explicit aim to benefit the community, (2) an initiative launched by a group of citizens, (3) a limited profit distribution; and 3. "Governance dimension," encapsulating the three indicators of (1) a high degree of autonomy, (2) a decision-making power not based on capital ownership, (3) a participatory nature, which involves various parties affected by the activity.

Kerlin (2006: 248) points out that "Nonprofit organizations engaged in mission-supporting commercial activity, which may include revenue generation that supports other programming in the nonprofit or activities that simultaneously generate revenue and provide programming that meets mission goals such as sheltered workshops for the disabled." The Social Enterprise Alliance provides a more narrow definition as "Any earned income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable mission" (quoted in Kerlin, 2006: 248). In addition, Boschee

(2001) and Boschee and McClurg (2003) are also of the same opinion, and they believe that when characterizing a social enterprise an important element that should not be overlooked is that social enterprises must be able to generate earned income, but, while the success of a traditional for-profit business is measured by its profitability, the success of a social enterprise is measured by two bottom lines, i.e., “financial returns” and “social returns.” Alter (2007) thus underscores that it is more appropriate to use the concept of “social enterprise sustainability equilibrium” to show the full range of social enterprises, which includes non-profit organizations with income-generating activities, non-profit organizations funded mainly or wholly by market trading, and for-profit socially responsible business. Even Alter (2007) adds that it may be necessary to include the type of “corporation practicing social responsibility.”

Based on the notion of social enterprise described above, in Taiwan, NPOs with a commercial approach or for-profit business units began to emerge as early as the beginning of the 1990s, with examples like car-wash centers and gas stations of the Sunshine Social Welfare Foundation, the bakery-restaurant of the Children Are Us Foundation, the wheelchair business of the Eden Social Welfare Foundation, and the sale of books, cards and eco-tours of the Wilderness Society.²

B. Governance Theory of Social Enterprise

Nonprofit organizations are characterized by Dart (2004: 414-415) as “voluntaristic, prosocial, civic, and so on.” In Dart’s argument, nonprofit organizations (NPO) are “distinct from business organizations—distinct in goals, values, motivators, clientele, and types of clientele focus.” Furthermore, it has been argued by several scholars (e.g., Dart, 2004; Emerson & Twersky, 1996; Johnson, 2001; Low, 2006; Spear, Cornforth, & Aiken, 2009) that although a social enterprise may be placed in a sub-set of the nonprofit sector, the two can be defined in very sharp contrast because the former performs hybrid nonprofit and for-profit activities; it has evolved from a bottom line of emphasizing a pro-social mission to a double bottom line underscoring both mission and money; it distinguishes itself from ordinarily understood nonprofit services to include the application of entrepreneurial and corporate planning as well as those tools and concepts associated with business design; and proceeds from a primary dependence on donations,

² Concerning the history of the development of social enterprises in Taiwan since the 1990s and whether or not the “fitness” of the notions of social enterprise constructed mostly by Western scholars in two Chinese societies—Taiwan and Hong Kong—please see Chan et al. (2011), pp. 35-39 and Kuan and Wang (2013), pp. 103-109.

member fees, and governmental revenues to a gradual focus on bottom-line earned revenues and returns on investments (Dart, 2004: 415). As a consequence, it is argued that if we pay attention to the examination of organizational management style, we may easily find that social enterprises need to embrace skills in both social provision and commerce. The difficulty then is in managing the competing sets of values—“social action set against the demands of market behavior” (Fowler, 2000: 652).

The term “governance” refers to the process of governing an organization. The governance of a social enterprise is believed to achieve the goal of ensuring the management and strategic guidance to maximize the capability of the organization to realize its defined missions (Schmidt & Brauer, 2006). The significance of the study of social enterprise governance was highlighted by Jones and Keogh (2006) and Mason and Royce (2007) who stated that it tackles the unique issues encountered by social enterprises, which are socially-oriented and hybrid organizations, on the maintenance of social benefit creation against the increase of environmental pressures towards efficiency gains, competition, and the requirements of professionalization/ managerialism. Moreover, the centrality of the social mission in social enterprises indicates that there is a significant legitimizing role on board performance (Mason, 2010). Then, the following question arises: What are the major characteristics of the governance of a social enterprise? Before delving further into this topic, we have to differentiate the governance of an NPO from that of for-profit organizations (FPO).

Two dominant paradigms exist in the governance of an FPO. One is agency theory, which underscores that conflicts of interest commonly arise in interactions between agent and principal (Chrisman, Chua, & Litz, 2004; Fama & Jensen, 1983; Jensen & Meckling, 1976; Wu, 2008). Therefore, the prescription offered by this corporate governance model is to force managerial ownership to expand, which is held to “increase value-adding risk taking” (Diochon, 2010: 97). The second paradigm is that of the stewardship governance model, highlighting that managers are not only capable but also willing to balance different interests when they pursue the company’s strategies (Clarke, 2005; Davis, Schoorman, & Donaldson, 1997; Muth & Donaldson, 1998). However, according to Low (2006: 378), regardless of which model is applied, the ultimate goal remains the same—“to make the wealth of shareholders... and the role of the board in their capacity as agents of shareholders and whose primary task is to utilize share capital in ways that will result in increased values.”

With regard to non-profit boards, a counter view of governance underlines that a board ought to be modeled as a tool of democratic participation. Theoretically, nonprofit

organizations are owned by the community rather than by shareholders; they are developed in trust and so are constructed for the benefit of the community (Abzug & Galaskiewicz, 2001; Dunn & Riley, 2004; Pearce, 2003). Consequently, a democratic model indicates that the significant role played by NPO governing boards is to represent various constituencies' interests (Iecovich, 2005). Low (2006: 379) thus distinguished in advance the difference between NPO democratic governance and FPO corporate governance: "Implicit to the democratic model is the notion that individual expertise in governance is secondary to a claim to be representative of a particular stakeholder group. Corporate governance believes in board members qualifying purely on the basis of expertise in managing and accumulating assets."

In a word, the governance of an NPO places the most value in the significance of representation rather than in the expertise in some kind of skills or business. A variety of stakeholders should have a legitimate participation in the organization. As a result, one of the important roles of the board of an NPO is to balance different interests represented by various stakeholders (Spear et al., 2009).

Social enterprises are usually viewed as a sub-set of the nonprofit sector (Borzaga & Defourny, 2004; Dunn & Riley, 2004; Pearce, 2003) and are widely held as stakeholder or multi-stakeholder organizations (Bacchiegga & Borzaga, 2003; Defourny & Nyssens, 2009). As a consequence, the social mission of a social enterprise is often assigned the central position because "it has a significant legitimizing role on board performance, and if the board is able to effectively demonstrate their impact on social mission, they are more likely to have legitimacy conferred upon them by their stakeholders" (Mason, 2010: 9). Accordingly, social enterprises are considered to exhibit a democratic model of governance.

Dart (2004: 415), however, reminds us that social enterprises perform hybrid nonprofit and for-profit activities, suggesting that social enterprise governance may become "a hybrid of for-profit stewardship and non-profit democratic models" (Low, 2006: 379). In other words, social enterprises must develop a specific type of capability which pinpoints the ability to manage an organization that combines the non-profit and for-profit characteristics all under one roof (Fowler, 2000). The unique issues undergone by social enterprises are connected particularly with maintenance when creating social benefits and increasing environmental pressures towards the simultaneous acquisition of efficiency, competition and professionalization (Jones & Keogh, 2006; Mason & Royce, 2007; Mason, 2010). Social enterprise boards are diverse due to the necessity of keeping a balance between business effectiveness and social benefit maximization. Moreover, if

social enterprises want to become further engaged in the opportunities offered by new markets with larger and better-resourced competitors, their boards must take responsibility in supporting managers and nurturing competitive market circumstances (Borzaga & Solari, 2004; Low, 2006; Mason, 2010). A democratic form of governance would appear to be of limited use in these situations. Consequently, two propositions regarding the governance of social enterprises were made by Low (2006: 381-382) as follows:

Proposition 1: “Social enterprise boards are more likely to exhibit a stewardship model of governance than the democratic model found in other non-profits.”

Proposition 2: “In order to enact the stewardship model, social enterprise boards are more likely to recruit members on the basis of expertise rather than representative status.”

The reasoning behind the two propositions argued by Low (2006: 382) is that organizations such as social enterprises that try to work by utilizing a commercial model will require a different form of governance which is less dependent on grants and donations. In addition, because of the existing complexities of trading activities, social enterprises are more likely to require a more corporate governance model that depends less on the representation of diverse interests and more on a board that is able to manage assets for greater return. Therefore, it follows that the composition of the social enterprise board will be different, and that this kind of organization will more likely recruit board members based on expertise rather than on the status of representation.

Nevertheless, the two propositions regarding the explanation of social enterprise governance need to be examined carefully by using ample empirical evidence to demonstrate the “appropriateness” or “fit” of the causal links in this governance model. In addition, we need to pay attention to the contextual factors and varying institutional settings in the elaboration of the governance function of social enterprises (Overall, Tapsell, & Woods, 2010). To understand real governance dynamics, context, process and time are three important frameworks (Pye & Pettigrew, 2005). For instance, “organizational size, developmental stage of the firm life circle, ownership structure, drivers and processes of industry revolution and institutional pressures are the key elements that shape organizational functioning” (Overall et al., 2010: 148). There is evidence to show that it is not easy to recruit suitable board members in a voluntary nonprofit sector where most board members are volunteers. It is especially true for those charities of small to medium size (Cornforth, 2001; Spear et al., 2009). Also, we fully

concur with the argument made by Spear et al. (2009), highlighting that the origins and path of development of social enterprises are crucial in affecting their governance structures and processes.

C. Governance of the Third Sector in Taiwan

In an ideal situation, a board can play an active role in the development of an NPO by helping with fundraising efforts, acting as a bridge between the NPO and the community, being involved in strategic planning and providing guidance for the organization's future development, maintaining fiscal responsibility, and ensuring that information about the organization's finances and operations are available to stakeholders and the public. However, in reality, in Taiwan, many NPO boards are rather passive. In his several empirical researches on governance in social welfare foundations and associations in Taiwan, Kuan (1998) and Kuan and Lu (2004) and Kuan, Chiou, and Lu (2005) and Kuan and Associates (2009) found that NPO boards play a limited role, often giving final approval to decisions already made by their executives, and as such, their function of internal financial and administrative supervision is rather weak.

Kuan goes on to stress that boards should strengthen their fundraising function, be more involved in long-term planning and decision-making for the organization, as well as be more actively involved in linking the NPO with the community and other sectors. In the Survey of Foundations in Taiwan conducted in 2002, respondents were asked to rank what they thought were the most important responsibilities of their organization's board members. Respondents believed that the most important task of a board is to verify an organization's annual projects and work plan (79.7%). This was followed in importance by the tasks of verifying and approving annual budgets and final financial accounts (74.4%), and defining an organization's tasks and operational procedures (58.5%). Regarding the question of using committees under a board, a comparison of the distribution data in Kuan and Associates (2009) reveals that 36.1% of NPOs in Taiwan had standing committees while 35.5% did not have any committees. These two percentages were rather close. The percentage of a board using ad hoc committees or task forces was relatively low.

Although we must be wary of making any generalizations about NPO boards in Taiwan, Kuan's empirical data showed the fact that NPO boards are often passive and lack openness. This passivity of boards can be explained by many factors, including the internal characteristics of an organization such as its size, its degree of professionalism and the modalities of interaction between the board and the management. In addition,

Kuan's study pointed to the lack of board development in Taiwan, suggesting that board members need to be educated about their duties and responsibilities, while managers need to learn how to better interact with board members and how to deploy the strength of the board. On one hand, some board members tend to view their appointment to the board of an NPO as an "honorary title" and feel that a more active participation through fundraising and decision-making is not necessary, as the contribution of their time, knowledge and social standing is ample enough. On the other hand, some managers tend to accept the board's passivity as natural and do not make extra efforts to get board members more involved.

III. Governance of Social Enterprises in Taiwan— Analysis based on a 2010 Survey

In order to understand the developmental trends of social enterprises in Taiwan and their effects over the recent years, a one-year research project, entitled "Analyzing the Roles of Social Enterprises in Taiwan in Employment and Poverty Reduction," was commissioned to the author by Taiwan's Ministry of Economic Affairs in July 2009.³ The survey data for this project was produced in May 2010.⁴ One of the issues covered in

³ This study was conducted simultaneously with a comparative study of a similar topic in Hong Kong done by the same research team. The comparative study on the social enterprises in Taiwan and Hong Kong was initiated in 2006, and carried out the "capacity-building of the social enterprises in Hong Kong and Taiwan" project; this resulted in the first survey on the social enterprises in the two regions. The survey focused on exploring the organizational characteristics and the operational differences between the social enterprises in Taiwan and Hong Kong. The study stressed that there were various differences in the political and economic institutions, cultural heritages and social environments of Hong Kong and Taiwan, despite their being both Chinese societies. What might be the features and functions of the social enterprises developed in these two societies? How do they differ in terms of operation, management and legal regulations? Through the exploration of these questions, it is hoped that the concept of social enterprise will be clarified and enriched, which in turn will be beneficial in further developing the theories and practices of the social enterprises (Kuan, Chan, & Wang, 2011).

⁴ This is the second survey following the first one in 2006. The total sample number in the 2010 survey was 426 social enterprises, including social enterprises that offered sheltered employment (also named work-integrated social enterprises, WISE), social enterprises for community development, social cooperatives, social enterprises that engaged in service provision and product sales, venture philanthropy organizations and other types of social enterprises). Among them, 116 social enterprises responded, and the response rate was 27.2%. In particular, WISE made up the most, nearly reaching to 45%.

this study was whether or not adjustments to the governance structure of parent organizations have been made to accommodate the operations of social enterprises in both regions. This was explored in the three aspects of “board of directors,” “CEO (secretary-general),” and “manager of a social enterprise” (Kuan, 2010).

A. Governance: Changes in organizational structure

In Taiwan, organizations which had not set up any designated unit yet were still the most common among all the organizations responding. The percentage in Taiwan was 49.1% for 2010. These organizations either asked their administrative department to oversee the overall planning and management directly (40.0%) or to set up a steering committee such as a “business and sales advisory committee” under their board of directors. In addition, it is interesting to note that the percentage of “the organizations that have established a profit-making company which is solely responsible for the operation of social enterprise(s), and the profits of which shall be contributed to the host organization or used to sponsor other non-profit organizations in the community” in Taiwan was only 9.1%. When looking at the entire picture, the changes in organizational structure in Taiwan show a tendency for the organizations to increase specialization inside an organization in response to the development of social enterprises (see Table 1).

Table 1: Changes in organizational structure, 2010

	Frequency	Percentage
(1) The organization has either set up designated unit(s) to carry out specialized duties in cooperation with other department(s), or set up a steering committee such as a “business and sales advisory committee” under the board of directors	44	40.0%
(2) The organization has not yet set up any designated unit.	54	49.1%
(3) The organization has established a profit-making company that 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.	10	9.1%
(4) Other	2	1.8%
N	110	100.0%

Source: Compiled by the author from the 2010 survey data.

B. Governance: Board and CEO

With regard to the institutional adjustments resulting from setting up social enterprises, respondents were asked in the survey to indicate if any adjustments had been made in the functions of the board members and the CEO. When viewing the adjustments governing the board members, it was found that the samples indicated the predominance of organizations (78.1%) responding that it had made no adjustment concerning the Board of Directors when establishing the social enterprise. Compared to the former item, a much lower percentage of the organizations (14.3%) indicated “raising the proportion of board members who have a relevant background in business administration and financial taxation.” The same phenomenon was observed with the item of “raising the proportion of board members who have a relevant background in legal and public administration” (2.8%). These figures show that organizations in Taiwan did not feel an urgent need to recruit individuals with background knowledge in running a business for their board (see Table 2).

Table 2: Institutional adjustments in the Board of Directors, 2010

	Frequency	Percentage
(1) Raising the proportion of board members who have relevant background in business administration and financial taxation	15	14.3%
(2) Raising the proportion of board members who have relevant background in legal and public administration	3	2.8%
(3) There has been no adjustment in the Board of Directors arising from setting up the social enterprise(s)	82	78.1%
(4) Other	5	4.8%
N	105	100.0%

Source: Compiled by the author from the 2010 survey data.

Concerning adjustments in the functions of the CEO in Taiwan, a high percentage of the organizations responded that “the current CEO does not have any background in business administration or any relevant expertise in products and services” (30.6%). However, a substantial proportion of the samples indicated that “although the current CEO did not have any background in business administration, or any relevant expertise in products and services, s/he has spent spare time in pursuing further studies to gain relevant management knowledge” (43.5%) (see Table 3).

Table 3: Institutional adjustments for the CEO, 2010

	Frequency	Percentage
(1) Recruiting a CEO who has relevant background in business administration and financial taxation.	11	10.2%
(2) Recruiting a CEO who has a background relevant to the products and services.	16	14.8%
(3) The current CEO does not have any background in business administration nor any relevant expertise in products and services.	33	30.6%
(4) Although the current CEO did not have any background in business administration or any relevant expertise in products and services, s/he has spent spare time to pursue further studies on relevant management knowledge.	47	43.5%
(5) Other	1	0.9%
N	108	100.0%

Source: Compiled by the author from the 2010 survey data.

As for managers of social enterprises, 34.3% of the respondents said their managers, though inexperienced in business management or sales and distribution of products and services, had taken the initiative to study management and related fields of knowledge in their spare time, while 28.4% of the respondents simply replied that their SE heads had no expertise in business management or sales and distribution of products and services.

These results indicate that upon launching social enterprises in Taiwan, NPOs in general made no major structural adjustments to their board of directors. Moreover, organizations which had not yet set up any designated units were still the most common among all responding organizations. However, more significant changes were found with respect to CEOs and SE managers, who had decided to study management in their spare time to develop their business management competence. These facts reflect the difficulty of finding business management talents in the labor market who also were committed to the social mission of the organization.

Compared to the three issues concerned with the governance of social enterprises in Hong Kong that we had explored at the same time, we found no major structural adjustments to their board of directors of NPOs when they launched SEs in Hong Kong and Taiwan. Moreover, organizations which had not yet set up any designated units were still the most common among all responding organizations in both regions. However,

organizations in Hong Kong increasingly placed more importance on recruiting people with background knowledge about running a business onto their board. Moreover, significant changes were found with respect to their CEOs and SE managers in Taiwan, who had decided to study management in their spare time to develop their business management competence.

IV. SE Governance: Case Analysis

In addition to the description of the survey findings and its implications for the governance of social enterprises in Taiwan shown above, we consider it necessary to use the case study approach to explore the pattern and behavior of governance of social enterprises in Taiwanese society. We utilized the qualitative data drawn from interviews with key leaders (e.g., board members and CEOs) of four social enterprises. The four cases covered in this study in Taiwan are the YCSW Foundation, the SLSW Foundation, the TVH Foundation, and the CAUSW Foundation. These four cases are all classified as ‘work integration social enterprises (WISE),⁵ the most salient type of social enterprises in Taiwan which are dedicated to employment and poverty alleviation.

A. Four Cases

(A) Case I: YCSW Foundation

The YCSW Foundation (abbreviated as “YCSW”) is notable for its social enterprises (abbreviated as “SE”) in Taiwan. Established in 1994, YCSW has provided its services to mentally disabled people for more than 17 years. In 2010, the total revenues of YCSW reached NT\$350 million (approx. US\$12 million). With its 450 full-time employees, YCSW is considered as a medium-/large-scale NPO among the Taiwanese social welfare organizations. YCSW currently has eight social enterprise (SE) units, providing services and products ranging from a car washing service, bus services for the disabled, product

⁵ One of the cross-border studies done by the European Research Network (EMES) portrays ‘work integration’ as the following: “The work integration of social enterprises is primarily for unemployed individuals with social problems, for those who have been unemployed for a long time, for young job-seekers with low educational attainment, as well as for those coming from socially disadvantaged groups and women. These enterprises are created to provide transitional work, permanent jobs, permanently subsidized job integration, or even to facilitate participation in various social activities through work projects. They also offer temporary job training to the unemployed or arrange their permanent employment” (Davister, Defourny, & Gregoire, 2004).

manufacturing and sales (organic food, bread and cakes), a printing service and resource recycling and sales. These 8 units have hired 170 full-time employees (which is about 38% of the total employees of YCSW). The revenues of the SE units of YCSW reached NT\$140 million (approx. US\$4.9 million), which is approximately 40% of the total revenue of YCSF.

The Board of Directors of YCSW is the highest decision-making unit within YCSW's organizational structure, which consists of 15 board members. As YCSW was founded based on initiatives launched by the Association of the Mentally Disabled Guardian, 10 of the 15 board members are affiliated with the Association and the other 5 are experts recruited from various professions. The structure of the Board of Directors of YCSW has not changed significantly because of the development of SE units and its related tasks. The CEO of YCSW indicated, *"YCSW has not made apparent adjustments in the Board of Directors since the establishment of the SE units. Should any needs arise, YCSW would make relevant adjustments within its Counselors' Group and recruit more counselors. The mandates of YCSW rely on assistance for mentally disabled persons. This will remain as the core value of YCSW and its Board of Directors"* (Interview with YCSW, 2011/03/25).

In terms of the governance of these SE units, YCSW designated an "Enterprise Department" within its organizational structure and appointed the Deputy CEO to coordinate and manage these SE units. With regard to the operations of the SE units at YCSW, apart from the "Counselors' Group" (which mainly provides consultancy), YCSW has also launched an "Enterprise Advisory Committee" to oversee and make strategic decisions for the operations of the SE units. The members within the Enterprise Advisory Committee in YCSW include the Chairwoman, the executive board member, the CEO, the Vice CEO and all the directors of the SE units.

The heads of the eight SE units in YCSW have gained extensive experience in either business management or sales and distribution of products and services, and the relevant decision making and administration are guided by the CEO and the Deputy CEO. The Enterprise Advisory Committee meets every two months; some board members also take part in the meetings of the Enterprise Advisory Committee to provide their comments and insight. The CEO of YCSW plays the dominant role in managing the SE units with the support of several key board members. This is one of the collective decision-making models wherein the decision-making leadership remains within the administrative directors and the board members solely provide comments and necessary support.

Though the Board of Directors is still somewhat concerned about the profits and

losses within the specific SE units in YCSW, the decision-making model still focuses on whether these SE units can assist the disadvantaged groups that YCSW supports in gaining employment and making a living. For instance, although the car-washing services have suffered financial losses for several years, the Board of Directors has reached the consensus that this SE unit should continue carrying on its business. The top priority of YCSW is caring for and helping those disadvantaged groups to gain jobs; in other words, the fulfillment of the social goal takes precedence over meeting the economic goal. Thus, the tasks for the General Manager of the Enterprise Department at YCSW (an adjunct position held by the Deputy CEO of YCSW) is to assist these professional managers in coordinating and integrating business management with professional social welfare services.

(B) Case II: SLSW Foundation

SLSW Foundation (abbreviated as “SLSW”) has provided social services since its establishment in 1987. In particular, SLSW has had 24 years of history in providing services to mentally disabled people; it initiated its first social enterprise (SE) unit through the establishment of SL Laundromat (1997). Later on, SLSW launched its Community Employment Center (1998), Sheltered Workshops (2001), SLSW Work Shop (2004) and SLSW Diner (2004); these SE units have been dedicated to providing clothes-washing services, cleansing services, car-washing services, product manufacturing and sales (handmade scented soap, popsicles, gifts), a printing service and catering services. The total revenue of SLSW in 2010 reached NT\$288 million (approx. US\$9.33 million), while NT\$40 million (approx. US\$1.33 million) of the total revenue were contributed by the SE units, which makes up around 14.3% of the total revenue of SLSW in 2010. SLSW currently has 400 full-time employees; the total number of the full-time employees working in all the SE units in SLSW is approximately 160 people, which makes up about 40% of the total employees of SLSW.

In regard to the roles and the functions of the SLSW Board of Directors within its governance structure, there used to be 15 board members when SLSW initiated its services. At the moment, there are only 9 board members on the Board of Directors. In addition, in accordance with the unwritten code of the SLSW Board of Directors, more than 50% of the board members should be guardians who represent the mentally disabled. Thus, the makeup of the Board of Directors at SLSW consists of 6 guardians of the mentally disabled and 3 experts recruited from various professions. The Board of Directors at SLSW plays a very weak role and function in making decisions. Ms. Z, the founding Chairperson and the current CEO of SLSW, indicated that, “*SLSW has a*

bottom-up model for its decision making. The Board of Directors functions as auditor and rarely makes policies or submits requests. After all, they might not fully understand some of the practical operations and procedures of the SE units” (Interviews with SLSW, 2011/03/25). Therefore, SLSW has not made any apparent adjustments in the Board of Directors notwithstanding the increase of the SE units and the development of the business.

In terms of the arrangement of its organizational structure, SLSW has not yet set up any designated unit to carry out specialized missions concerning social enterprises. Moreover, within the governance structure of SLSW, apart from the Board of Directors, it has not yet set up a steering committee to oversee the overall planning and management of SE units, nor has it further developed research and development topics in regard to the operations of the SE units. The CEO plays a very significant role in the organizational management of SLSW. She has a dominant role in managing the operations of the SE units while she is also the highest administrative manager.

The heads of the SE units in SLSW have less experience in business management and sales and the distribution of products and services, but they are more experienced in the social welfare professions. For example, the educational background of the Director of the SLSW Cleaning Team Taipei is in psychology. Last but not least, it is worth mentioning how the Board of Directors perceives the revenues of the SE units in SLSW. They share a similar ideology with YCSW. On one hand, they wish the SE units could generate some profits or at least make ends meet. However, for an SE unit (such as the Laundromat), even though it has suffered some losses for the past several years, the Board of Directors still decided that the SE unit should continue carrying out its services, thereby reinforcing the importance that the fulfillment of the social goal takes precedence over the economic goal.

(C) Case III: TVH Foundation

The TVH Foundation (abbreviated as “TVH”) was established in 1963 by the Norwegian couple, Dr. & Mrs. Olav Bjorgaas. They founded the 1st Children’s Home to take in children suffering from infantile paralysis in Pintung, which later was registered as the PVH Foundation (abbreviated as “PVH”). In 2000, due to the expansion of its services, the TVH Foundation was officially registered and founded in Taipei. Through a series of holistic employment services, such as the design and development of new employable duties, the operation of sheltered workshops, vocational training and in-house learning and so on, TVH provides a diversified employment network for disabled people.

Though TVH has been established for only 10 years, it has devoted itself to various operations of its social enterprise (SE) units, including Data Entry Center (1987), Cultivation of Orchid Seedlings (2002), V-design Visual Art Design Center (2002), TVH Manual Colored Glaze (2006), TVH Gas Station (2009) and TVH Family Mart Convenience Store (2011). In terms of its catering services, TVH currently manages Enjoy Restaurant (2006), Mela Café (2007), Skypig, Hope Lunchbox (2008) and others. The total revenue of TVH in 2010 exceeded NT\$400 million (approx. US\$13.8 million), with 98% of its revenues coming from its SE units. TVH currently has around 220 employees; among those, only 7 are administrative staff while the others are employees of the SE units.

The Board of Directors of TVH has 9 members; about half of the board members also hold adjunct positions as board members of the Board of Directors of PVH. In addition, the Head of PVH and the Director of TVH hold the positions as the Chairperson of the other party's organizations. The Board of Directors does not play a dominant role in the decision-making process; most of the operations are run independently by local administrative departments. Mr. C, the Director of TVH, emphasized, "*We have always perceived that we should straighten out problems independently since we first started our work. However, we would also report to the Board of Directors on a timely basis to update them with our work, but that is not to say that we require much intervention or support from the Board of Directors*" (Interview with TVH, 2011/03/25).

TVH is a nonprofit organization which values highly its horizontal structure; it has designated its SE units as the "Social Enterprise Department" and the "Sheltered Workshop Department," and these units are horizontally listed along with the other administrative departments in its organizational chart. In a word, TVH has several distinctive characteristics in its operation of the SE units. Despite the fact that the operation is multi-dimensional, TVH has not yet set up a professional advisory committee or an SE-related advisory committee under its Board of Directors. However, a consulting group (a temporary arrangement) is formed by TVH whenever a new SE unit is established.

The top priority for TVH's development is to provide employment services for physically disabled people. Thus, the heads of the SE units are required to have professional experience in business management or sales and the distribution of products and services when recruited. Mr. C indicated, "*For instance, for the Hope Lunchbox Shops, we would seek out professionals who have had experience operating lunchbox shops. Likewise, for the Data Entry Center, we also seek out professionals with an IT*

background to assist in its business operations. Simply speaking, we need to have a counseling group to provide direct support for the SE units, and all the SE units will be able to receive counseling advice accordingly” (Interview with TVH, 2011/03/25). TVH asserts that it can sustain itself through the operations of the SE units, even though it does not have external fundraising campaigns. To fulfill its goals in sustainable development, TVH expects to accumulate and utilize its experience in the development of its SE units over the past decade. Through collaboration with the business sector, TVH expects to extend its influence and share its ideals with more enterprises in the for-profit sector.

(D) Case IV: CAUSW Foundation

Established in 1995, the mission of the CAUSW Foundation (abbreviated as “CAUSW”) is “Lifelong Education and Care!” This indicates that CAUSW dedicates itself to ensuring that mentally disabled people receive continued education and proper care. CAUSW started out as a local foundation in Kaohsiung, and it has now become a nation-wide social welfare organization. The total revenue of CAUSW in 2010 reached NT\$380 million (approx. US\$12.7 million), with NT\$220 million (58% of the total revenue) coming from the combined incomes of the SE units, 25% of the revenue from fundraising and 15% coming from government subsidies. CAUSW is considered to be a medium-/large-scale social welfare foundation in Taiwan. The main service points of CAUSW are located in Taipei, Hsinchu and Kaohsiung. It has 23 social enterprise (SE) units (sheltered workshops) with its main services in bakeries and restaurants plus a new horticulture working team. The total number of employees at CAUSW is 214, with 110 physically or mentally disabled employees working at the SE units.

As CAUSW was founded through the initiative of parents in the Kaohsiung area, most board members of CAUSW Board of Directors are guardians of the mentally disabled. Among the current 15 board members on the Board of Directors at CAUSW, 9 of them are guardians of the mentally disabled (60%) and the remaining 6 are experts recruited from various professions (40%). Though there are no specific rules stipulated in the organizational articles, the Board of Directors holds the consensus that guardians of the mentally disabled should comprise more than half of the Board of Directors. Mr. S, the Executive Board Member & CEO of CAUSW, indicated, *“We hope that the guardians of the mentally disabled can make up half of the Board of Directors as the core values of CAUSW remain caring and helping the groups suffering from mental retardation. Thus, the comments of the guardians of the mentally disabled should be clearly voiced. Members of the other professions will supplement our mission in caring for the mentally disabled people and providing them necessary support”* (Interview with

CAUSW, 2011/03/26).

CAUSW has 3 Administration Centers around Taiwan, which are located in Taipei, Hsinchu and Kaohsiung. Three designated units, called “Welfare Enterprise Departments,” are arranged in each of the Administration Centers to oversee the overall planning and management of the SE units under the Administration Centers. In regard to the SE units, as CAUSW has not appointed a CEO, the Executive Board Member of CAUSW holds an adjunct position as the CEO to lead the administration teams. Two Deputy CEOs are designated in Taipei and Kaohsiung, while a general manager was recruited to take charge of product marketing and fundraising.

In undertaking responsibility of the governance and development of CAUSW, the Executive Board Member/CEO plays the dominant role in managing operations of the SE units. Along with the two Deputy CEOs, the General Manager and the Director of the Hsinchu Administration Center, these directors have formulated the core decision-making system. Therefore, the Board of Directors plays a very weak role and takes on limited functions in running the operations of the Welfare Enterprise Departments. The development of CAUSW is largely driven by the Executive Board Member/CEO and the administration team mentioned above. In terms of the future prospects of CAUSW, the foundation expects its SE units to continue developing on a small but steady scale. In the meantime, it also expects to fulfill its vision of continued and proper care for mentally disabled children through the profits and outcomes generated from its SE units.

B. Organizational Characteristics

On average, the four Taiwanese nonprofit social enterprises (SE) have been in existence for 17 years; the oldest has been in existence for 24 years (SLSW), while the youngest has existed for 11 years (TVH). As for the time of initiation of the SE unit, the four nonprofit organizations established their for-profit operations during a period from the mid-1990s to 2000. The number of SE units of these nonprofit organizations varies considerably, ranging from 5 units (SLSW) to 23 units (CAUSW). However, the majority of the SE nonprofit organizations (three out of the four) point out that their services and products range from 5 to 6 types.

Overall, among the four SE nonprofit organizations in Taiwan, three (YCSW, TVH, CAUSW) are similar in size: Annual revenue ranged from NT\$350 million (approx. US\$12 million) to NT\$400 million (approx. US\$13.8 million) in 2010. SLSW is indeed the smallest among the four, with its total revenue of NT\$280 million (approx. US\$9.33 million). The percentage of revenue from SEs as a fraction of the total revenue of the

organization varied greatly between the four SE NPOs, ranging from 14.3% to 98%. In 2010, half of the four NPOs had over 400 paid staff members, while the remaining two had a smaller number of paid employees, ranging from 214 to 220. Three out of the four NPOs reported an average of 43 percent for the number of “staff members per SE unit” out of the “total staff,” while the exceptional case here is TVH (97 percent) for the same year (See Table 4).

Table 4: Organizational Characteristics-- 4 Cases, Taiwan

	YCSW	SLSW	TVH	CAUSW
1. Year of Org. Establishment	1994	1987	2000	1995
2. Year of Initiation of SE	1996	1997	2000	1996
3. No. of SE Units	8	5	10	23
4. Types of Service/Product	(1) car-washing service, (2) bus service for the disabled, (3) product manufacturing and sales (organic foods, bread and cakes), (4) printing service, (5) resource recycle and sales	(1) clothes-washing service, (2) cleaning service, (3) car-washing service, (4) product manufacturing and sales (hand-made scented soap, popsicles, gifts), (5) printing service, (6) catering service	(1) data entry, (2) gas station, (3) convenience store, (4) product, manufacturing and sales (art design, manual colored glaze, cultivating orchid seedlings) (5) catering services	(1) product manufacturing and sales (bread and cakes), (2) catering services
5. Total Revenue (2010)	NT\$350M (approx. US\$12M)	NT\$280M (approx. US\$9.33M)	NT\$- 400M (approx. US\$13.8M)	NT\$390M (approx. US\$12.7M)
6. Revenue from SE (2010)	NT\$140M (40% of total revenue)	NT\$40M (14.3%)	NT\$390M (98%)	NT\$230M (59%)
7. Total Staff (2010)	450	400	220	214
8. Staff of SE (2010)	170 (38% of total staff)	160 (40%)	213 (97%)	110 (51%)

Source: Compiled by the author from materials provided by YCSW, SLSW, TVH, and CAUSW.

C. Structure of the Board of Directors

The board of directors for each of the four Taiwanese SE nonprofit organizations is the highest decision-making within their organizational structure. Three out of the four NPOs with a board of directors have fewer than 16 members. Of the remaining NPOs, two have 9 members (SLSW and TVH) and the other two have 15 members (YCSW and CAUSW). With respect to the background of the board of directors, three of the nonprofit organizations (YCSW, SLSW, CAUSW) have a board in which 67% of the board members are guardians for the mentally disabled, while the remaining 33 percent have been recruited from various professions. If we use CAUSW as an example, though there are no specific rules stipulated in the organizational articles, the Board of Directors of CAUSW holds the consensus that the guardians for the mentally disabled should comprise more than half of the Board of the Directors. TVH, whose board members have all been recruited from various professions, is the exceptional case. Consequently, the characteristics of the boards of directors of YCSW, SLSW, CAUSW can be described as “single stakeholder” and “philanthropic governance” while TVH can be portrayed as “multiple stakeholders” and “philanthropic governance”⁶ (See Table 5).

⁶ According to the EMES definition, the ideal-typical social enterprise is formed on a collective dynamics as well as on the participation of different stakeholders in the organization’s governance, which may include beneficiaries, volunteers, public authorities, donors’ et al. This is normally portrayed as “multiple-stakeholder ownership” (Bacchiogga & Borzaga, 2003). Therefore if the board of directors of a social enterprise is comprised of a narrow group of people, e.g., volunteers or donors, it is considered a “single-stakeholder ownership”. As for the definition of “philanthropic governance”, Alexander and Weiner (1998: 225) indicate that, compared to “corporate governance”, the model of “philanthropic governance” underscores the following: Larger number of board members, separation of management and governance, no limit to consecutive terms, no compensation for board service, and emphasis on assets and mission preservation.

Table 5: Structure of the Board of Directors-- 4 Cases, Taiwan

	YCSW	SLSW	TVH	CAUSW
1. No. of members of the Board of Directors	15	9	9	15
2. Background of Board Members	(1) 10 board members (67%) were guardians of the mentally disabled; (2) The remaining 5 recruited from various professions.	(1) 6 board members (67%) were guardians of the mentally disabled; guardian; (2) The remaining 3 were recruited from various professions.	(1) all 9 board members (100%) recruited from various professions,	(1) 9 board members (67%) were guardians of the mentally disabled; (2) The remaining 6 recruited from various professions.
3. Characteristics of the Board of Directors	(1) Single Stakeholder; (2) Philanthropic Governance	(1) Single Stakeholder; (2) Philanthropic Governance	(1) Multiple Stakeholder; (2) Philanthropic Governance	(1) Single Stakeholder; (2) Philanthropic Governance

Source: Compiled by the author from materials provided by YCSW, SLSW, TVH, and CAUSW.

D. Changes in the Governance Structure and Function

Among the four SE NPOs in Taiwan, three (YCSW, TVH and CAUSW) have already set up designated units to carry out specified duties in cooperation with other departments. The “Enterprise Department” in YCSW, the “Social Enterprise Department” and the “Sheltered Workshop Department” in CAUSW, and the “Welfare Enterprise Department” in CAUSW were all established. Only one nonprofit organization (SLSW) has yet to set up a designated unit. In addition, only one (YCSW) of the four nonprofit organizations had set up an “Enterprise Advisory Committee” under its board of directors to help the administrative department to oversee overall planning and management. As a consequence, from the viewpoints of the four SE CEOs, their boards of directors play a weak role in running the social enterprise units. For example, in TVH, the Board of Directors does not play a dominant role in the decision-making process; most of the units are operated independently by local administrative departments.

Whether or not adjustments have been made to the governance structure of the SE nonprofit organizations to accommodate the operation of a social enterprise is one of the issues covered in this study. In identifying changes in board members, it was found that in

Taiwan, the four SE NPOs pointed out that for the most part they had made no changes in the board of directors that arose from the establishment of the social enterprises. The four SE NPOs either indicated that the CEO played the dominant role in managing social enterprise units, or that the main role played by the CEO was to support certain key board members.

The majority of the SE NPOs (YCSW, SLSW, CAUSW) stated that the main concern of their boards of directors when dealing with affairs regarding a social enterprise was to place the fulfillment of social goals as their first priority and that of economic goals as secondary. This was also true for TVH, where the intent was to achieve its social goals, but to these were added financial sustainability for the satisfaction of the organization (See Table 6). Concerning the importance of achieving social goals, two cases deserve further elaboration.

Case 1: The Board of Directors of SLSW desires that its SE units be capable of generating some profits, or at least of making ends meet. Even if an SE unit (such as the Laundromat) suffered some losses for several years, the Board of Directors is determined that the SE unit should continue carrying out its services and reiterates that reaching the social goal takes precedence over meeting the economic goal.

Case 2: Though the Board of Directors of YCSW is still somewhat concerned about the profits and losses of the SE units in YCSW, the decision-making model still focuses on whether these SE units can assist the disadvantaged groups that YCSW supports in gaining employment and making a living. For instance, although the car-washing services have suffered losses in several years, the Board of Directors has reached a consensus that this SE unit should continue carrying on its business. The top priority of YCSW is caring for and helping disadvantaged groups to obtain jobs; in other words, the fulfillment of social goals takes precedence over meeting economic goals.

E. Professionalization in Human Resource Development

When conducting the interview with the four SE NPOs in Taiwan, we were mainly interested in answers to the following two questions: 1. Does the current CEO have any background in business administration or any relevant expertise in products and services? 2. Do the current heads of SE units have experience in business management or sales and distribution of products and services? To the first question, we found that two of the nonprofit organizations (YCSW, SLSW) reported that “the CEO does not have any background in business administration or any relevant expertise in products and services.” One (TVH) highlighted that, “although the CEO does not have any background

in business administration, he does have relevant expertise in products and services.” The fourth organization (CAUSW) indicated confidently that, “the CEO has both a background in business administration and relevant expertise in products and services.”

To the second question, we discovered that three out of the four NPOs (YCSW, TVH, and CAUSW) stressed that either all or most of their heads of SE units had experience in business management or sales and distribution of products and services. For example, because TVH’s top priority in development is to provide employment services for the physically disabled, the heads of the SE units are required to have professional experience in business management or sales and the distribution of products and services when recruited. Only one (SLSW) responded negatively, stating that these 5 heads had less experience in business management or sales and distribution of products and services, but more in social welfare professions. It seems that the evidence found in this study is capable of proving that the level of the CEO/Deputy CEO’s profession and the experience of the SE unit head in business management or sales and distribution of products and services are positively related with the development of the SE nonprofit organizations (See Table 7).

As mentioned above, we also conducted a case study of SE governance in Hong Kong during the same period we carried out the study of Taiwanese SE cases. An interesting comparison is described briefly as follows. First, the governance structure of social enterprises in Hong Kong is more diversified than in Taiwan. Second, the governance of the SE organizations in Hong Kong tends to shift from being a non-profit to a profit-orientation (e.g., setting up a company), indicating the strong influence of market forces. Third, most traditional NPOs operating SEs do not have personnel with business backgrounds while there is a growing trend of businessmen joining SE initiatives. Fourth, similar to those in Taiwan, CEOs in Hong Kong have a strong impact on decision making concerning the operation and management of SE (Kuan et al., 2011: 161-168). Obviously, the outcome of the case study of SE governance in Hong Kong provides additional empirical evidence to support Low’s argument(2006), emphasizing that social enterprise governance may tend to develop a hybrid of for-profit stewardship and non-profit democratic models. Moreover, NPO social enterprise boards are also likely to be pushed to recruit members on the basis of business expertise rather than a representative status.

Table 6: Changes in the governance structure and function-- 4 Cases, Taiwan

	YCSW	SLSW	TVH	CAUSW
Has the organization set up designated unit(s) to carry out specialized duties in cooperation with other department(s)?	Yes. “Enterprise Department”	Not yet.	Yes. (1) “Social Enterprise Depart” (2) “Sheltered Workshop Depart”	Yes. “Welfare Enterprise Department”
Has the organization set up a steering committee such as “business and sales advisory committee” under the board of directors?	Yes. “Enterprise Advisory Committee”	Not yet.	Not yet.	Not yet.
Has there been an apparent adjustment in the Board of Directors which arose from the establishment of the social enterprise(s) since the beginning of running social enterprises?	No.	No.	No.	No.
Major concerns of the board of directors in dealing with affairs regarding SE.	The fulfillment of social goal takes precedence over economic goal.	The fulfillment of social goal takes precedence over economic goal.	Emphasizing the importance of both meeting social goal and achieving financial sustainability.	The fulfillment of social goal takes precedence over economic goal.
Role and Function of the CEO in managing SE.	CEO plays the dominant role in managing SE units with the support of some key board members.	CEO plays the dominant role in managing SE units.	CEO plays the dominant role in managing SE units.	CEO/Executive board member plays the dominant role in managing SE units.
Role and Function of the Board of Directors from the viewpoint of CEO.	The Enterprise Advisory Committee is obviously influential.	Very weak role and function played by the board of directors in running the social enterprise units.	Very weak role and function played by the board of directors in running the social enterprise units.	Very weak role and function played by the board of directors in running the social enterprise units.

Source: Interviews with YCSW (2011/03/25), SLSW (2011/03/25), TVH (2011/03/25), and CAUSW (2011/03/26).

Table 7: Professionalization in the Human Resource Development of SEs--
4 Cases, Taiwan

	YCSW	SLSW	TVH	CAUSW
Does the current CEO have any background in business administration or any relevant expertise in products and services?	The CEO does not have any background in business administration or any relevant expertise in the products and services of the SE.	The CEO does not have any background in business administration or any relevant expertise in the products and services of the SE.	Although the CEO does not have any background in business administration, he does have relevant expertise in the products and services of the SE.	The CEO has a background both in business administration and the relevant expertise in the products and services of the SE.
Do the current heads of the SE units have experiences in business management or in sales and distribution of products and services?	There are eight SE units. These 8 heads all have experience in business management or sales and distribution of products and services.	There are five SE units. These 5 heads have little experiences in business management or sales and distribution of products and services, but more in social welfare professions.	There are ten SE units. The 10 heads all have experience in business management or sales and distribution of products and services.	There are twenty three SE units. Most heads of the SE units have experience in business management or sales and distribution of products and services.

Source: Interviews with YCSW (2011/03/25), SLSW (2011/03/25), TVH (2011/03/25), and CAUSW (2011/03/26).

V. Implications and Concluding Remarks

The research findings from the 2010 survey indicated that, in Taiwan, organizations which had not yet set up any designated unit were still the most common among all responding organizations. This is most likely because they are in the initial stage of running a social enterprise or because Taiwanese society on the whole is still relatively new at running social enterprises. Nevertheless, as for SE governance in Taiwan, an increasing tendency was noted for the CEOs of the organizations to spend their spare time in pursuing further studies devoted to relevant management knowledge.

On the whole, social enterprise boards in Taiwan are more likely to adopt a philanthropic and democratic model of governance than the stewardship governance

model assumed by Low (2006). Moreover, the findings also pinpointed the significance for CEOs and managers of social enterprises that hard work is demanded in both “learning by doing and doing by learning” to gain professional knowledge and skills.

Concerning the findings regarding the governance of the four cases in Taiwan, we highlighted the following four points: First, the social mission of social enterprises clearly occupied the central position. Second, they had made no adjustments to the makeup of the board of directors that might arise from the establishment of social enterprises. Third, most had already set up designated units to carry out specified duties in cooperation with other departments. Fourth, the professional level of the CEO/Deputy CEOs and the experience of the SE unit head in terms of business management or sales and distribution of products and services were highly positively correlated with the development of SE nonprofits.

In addition, we found the boards of directors of the four cases played a weak role in running the social enterprise units. They basically do not play dominant roles in the decision-making process and management of social enterprise units. Most of the units are operated independently by local administrative departments. This finding is more or less in line with the results from Kuan’s study on NPO governance: In Taiwan, many NPO boards tend to be rather passive in general (Kuan, 1998; Kuan & Lu, 2004; Kuan et al., 2005).

Apparently, the CEO/manager is currently a major driving force in influencing the governance development of social enterprises in Taiwan. However, the four cases indicate that the function of their boards worked effectively in making sure that SE governance was able to play a crucial role in connecting social values with social needs. They firmly expressed that the main concern of their boards of directors when dealing with affairs regarding a social enterprise is 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 support the perspective that there is a significant legitimizing role for SE board performance in the protection of, and the achievement of the designated social mission for, disadvantaged groups. This case study also clearly provides empirical support for the EMES model (Defourny & Nyssens, 2010), emphasizing collective forms of governance to guarantee the fulfillment of the social mission.

Finally, we would like to underscore that, in terms of the findings of this SE case study with regard to governance issues in Taiwan, it is not appropriate for us to simply reject Low’s propositions (2006), which highlight the tendency of development of SE boards toward a for-profit stewardship model of governance and the tendency to recruit a

higher percentage of members on the basis of business expertise. The caveats of this study should caution us that the four cases under consideration have been running social enterprises for a rather short period of time, and, in particular, the nature of the four institutions is strictly associated with non-profit characteristics and the provision of social welfare services. In Taiwan, it is no easy task for these small to medium nonprofit social enterprises to recruit suitable board members from established business/financial corporations. As a result, we consider that the SE governance model currently existing in Taiwan requires careful observation because the contextual factors and varying institutional settings of SE governance functions in Taiwan are changing more rapidly than they were before.

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台灣的社會企業治理研究： 2010 年調查資料及四個個案分析

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《摘要》

在台灣，社會企業目前是處於成長的階段，且組織形式與活動內容愈來愈多樣化。當台灣的非營利機構設立其社會企業單位時，解決失業問題與舒緩貧窮是其兩大努力的目標。為了要對台灣的社會企業之發展有更進一步的探索，作者認為將研究焦點置於社會企業的治理相關議題乃有其重要性。因此，本文的目的在於探索台灣社會企業的治理，而分析的重點包括治理的結構與功能、董事會的組成以及執行長的角色，以及董事會與執行長角色與功能的制度性調整等動態議題。本文分析所依據的資料為作者於 2010 年所從事的台灣社會企業全國性調查資料，以及台灣的四家工作整合型社會企業的領導者之深度訪談資料。四個個案的治理研究發現，第一，社會企業的社會使命的實踐很顯著地被擺放在最核心的地位；第二，社會企業的董事會的組成結構並不會因為設置產銷營運單位而有所調整；第三，多數社會企業已成立專責單位來執行特定的業務，並與組織內其他的部門合作；第四，執行長的專業程度以及產銷營運單位主管之管理或產品與服務銷售與分配經驗，與社會企業的發展的好壞具有高度的相關。

[關鍵詞]：社會企業、治理、非營利組織、董事會、執行長

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