

**Enterprising Asian NPOs:
Social Entrepreneurship in Taiwan**

**A Research Paper Presented to the
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1. Introduction

1.1. Background for the research

In 2003, the Conference of Asian Foundations and Organizations (CAFO) initiated a two-year project, **Enterprising Non-Profit Organizations in Asia**, with the goal of “obtaining information on trends in thinking and perspectives on social entrepreneurship and practices and involvement in social entrepreneurship” in the Asia region. In the first phase of the project, data gathering was conducted in the Philippines, Indonesia, India and Thailand. For phase two of the project, CAFO has expanded the data gathering work to include Taiwan.

Taiwan has a vibrant nonprofit sector that has been in constant expansion since the late 1980's. However, because of the aftereffect of the September 21, 1999 earthquake which resulted in a major redistribution of philanthropic resources and because of the economic recession which has affected Taiwan for the past three years, nonprofit organizations (NPOs) have seen donations from the public diminish, while at the same time, government subsidies have either dwindled or the pattern for their allocation has changed. In order to adapt to an environment that is increasingly competitive, many NPOs have started to engage in income-generating activities in order to increase their financial autonomy and thus, be in a better position to achieve their social mission.

At a practical level, social entrepreneurship (SE) is not a new phenomenon in Taiwan but it is only in recent years that academics, government agencies and NPOs alike have become interested in exploring social entrepreneurship as a concept, with the goal of better understanding the phenomenon and perhaps identifying tools and best practices useful to NPOs who want to become more professionalized in their approach to income-generating activities. The growing number of conferences, academic research and articles on the subject of NPOs using enterprising methods to achieve their mission in the past two years attest to the interest.

Although research on SE in Taiwan is still in its early stage and despite our lack of information to map out the field in a comprehensive way, we know that many major NPOs are involved in one form or another of social entrepreneurship-type activity. For these organizations, SE can not only ensure financial autonomy, but it is also seen as a means to provide more complex services to better respond to social needs. SE can also allow for increased interaction between the organization, its beneficiaries and the general public, with the interaction being of a more complex and closer nature.

This growing interest for SE means that more and more NPOs will be tempted to engage in income-generating activities in the future, but without any business experience, how can these organizations determine whether SE is the right solution for them? How can they identify what type of business model is best suited to answer their financial needs but also help them achieve their social

mission? What should these NPOs be wary of before making the leap into for-profit ventures?

This research project initiated by CAFO and conducted by CAFO-Taiwan is an opportunity to examine social entrepreneurship as it is understood and practiced in Taiwan. The significance of participating in CAFO's social entrepreneurship project for Taiwan NPOs is threefold, as it will allow us to:

1. Improve our understanding of social entrepreneurship as it is practiced by major NPOs in Taiwan, and identify facilitating factors as well as best practices which can serve as models for other NPOs;
2. Disseminate the research findings through local activities, thus promoting the concept of social entrepreneurship among NPOs and hopefully, uniting together practitioners and encourage them to engage in discussion and sharing of experience;
3. Engage in dialogue with other NPOs in Asia who are involved in social entrepreneurship activities, and thus share practical experience.

1.2. An Overview of social entrepreneurship

1.2.1. The Meaning of social entrepreneurship

The practice of social entrepreneurship is far ahead from theory and although everyone agrees about the existence of the social entrepreneurship phenomenon in many different areas of the world, the term is broadly used to encompass a wide range of activities and is often interchangeable with other similar terms such as social purpose venture, community wealth venture, social enterprise, nonprofit enterprise, etc.

There are many definitions proposed for social entrepreneurship but they basically all are based on one important point, which is the use of business skills, knowledge and activities to achieve a mission of social improvement: "social entrepreneurship combines the passion of a social mission with a business-like approach to the marketplace" (Dees 1998). For example, the Roberts Enterprise Development Fund proposes such a definition:

"Social Entrepreneurism is the application of innovative management and program development strategies in an effort to address critical issues facing society. Individuals who engage in social enterprise, often referred to as Social Entrepreneurs, draw upon the best thinking in both the business and nonprofit worlds in order to advance their social agenda."¹

As such, social entrepreneurs are "change agents" (Dees, 1998), they redirect the purpose of business,

¹ http://www.redf.org/faq_intro.htm

which has traditionally been to generate benefits for private individuals, to instead play a transformation role by reducing needs or solving problems. It is the problems that dictate the business and not the market (although it can be argued that any business is still subject to the market's influence and fluctuations). Social entrepreneurship transforms "the social dynamic and systems that created and maintained the problem [...]."² The changes might be small, they might also be geographically localized and focused on a specific group, but they nonetheless have a lasting, positive impact on the lives of people, communities or the environment and they have the possibility to catalyze bigger changes in the long term. As such, social entrepreneurs need to understand the broader social picture and its interdependencies (Alvord and al., 2002).

Definitions also have variants, where certain factors have more importance. For example, in some definitions, although the entrepreneurial spirit is still an important feature, earned income and the ability for the business venture to be self-sufficient are crucial to determine whether the business venture truly qualifies as social entrepreneurship. The Social Enterprise Alliance prosaically describes social entrepreneurship as "any earned-income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable mission. 'Earned income' consists of payments received in direct exchange for a product, service or privilege."³ Boschee (2003) defines social entrepreneurship as "any person, in any sector, who uses earned income strategies to pursue a social objective."⁴ Earned income is tied to the social mission. However, it is not enough to use business activities to achieve the social mission, the business activities must generate their own revenue to make the NPO self-sufficient, as opposed to simply sustainable. Boschee makes a clear distinction: sustainability can be achieved by relying on grants, donations and government subsidies whereas self-sufficiency can only be achieved by relying on earned income strategies that generate profits.

Another variant deals with the issue of innovation, which in some definitions is given much importance. Some distinctions are made between business activities that solve problems through traditional means and those that are truly creative and innovative. This distinction does not judge the efficiency of the social entrepreneurship venture, but instead measures whether a business venture possesses entrepreneurial qualities.

Finally, another variant found in definitions proposed for social entrepreneurship deals with where this type of activity takes place (Johnson, 2000). Some people argue that social entrepreneurship, to be worthy of this appellation, is a phenomenon that takes place in the NPO sector, when business expertise

² ALVORD, Sarah H., L. David Brown and Christine Letts, *Social Entrepreneurship and Social Transformation: An Exploratory Study*. The Hauser Center for Nonprofit Organizations and The Kennedy School of Government of Harvard University, www.ksg.harvard.edu/hauser/active_backup/PDF_XLS/workingpaper_15.pdf, 2002, p. 3.

³ www.se-alliance.org

⁴ BOSCHEE, Jerr and Jim McClurg, *Toward a Better Understanding of Social Entrepreneurship: Some Important Distinctions*, www.se-alliance.org/better_understanding.pdf, 2003.

and market-based skills are brought in to increase the efficiency of the sector. Others, like Boschee (2003), argue that social entrepreneurship can take place in the public, private and nonprofit sector, with each sectors' actors either working individually or in cooperation. The main point is that they all use creative entrepreneurial methods.

The Conference of Asian Foundations and Organizations (CAFO) offers its own definition, which is based on the research it conducted on social entrepreneurship in three Southeast Asian countries: the Philippines, Indonesia and Thailand: "Social entrepreneurship involves the promotion and building of enterprises or organizations that create wealth, with the intention of benefiting a defined constituency, usually the public at large or the less endowed sectors of society."⁵ In the three countries surveyed by the CAFO research, social entrepreneurship has an empowering effect on people and can help fight poverty. Globalization and the increasing power of the market has meant that many people are being left out but social entrepreneurship allows them to fight the negative impact of globalization by using the same market tools that otherwise would exclude them. This is what CAFO has called "democratizing the market," and is perhaps one of the best ways to describe the impact of social entrepreneurship.

1.2.2. Emergence of the phenomenon of social entrepreneurship

In a survey conducted in 1999 that examined the status of the nonprofit sector in a total of 21 countries in North America, South America, Europe, Africa and Asia, Salamon and al. found that for many nonprofit organizations, fee-dominant revenues accounted for a large share of their income. By calculating the average of the 21 countries, Salamon and al. found that "fees and charges" account for 48% of the nonprofit sector's funding, while revenues from the "public sector" in the form of subsidies represent 41% and revenues from "philanthropy" (from foundations, individual donors and corporations) only represent 11%. Such findings go against the widespread belief that NPOs mostly rely on government funding and donations to maintain their operations. Evidently, the proportions for the sources of income vary from one country to another. The survey showed that fee income was dominant in 12 countries ranging from 85% in Mexico to 47% in the Czech Republic, while in the US, it accounted for 57%. But as Salamon noted, "A fee-dominant revenue structure is thus consistent with both relatively large and relatively small nonprofit sectors."⁶ Salamon goes on to explain that this phenomenon will certainly push the NPO sector further in the direction of market forces.

But what can explain such a phenomenon, where "fees and charges" account for an increasingly large proportion of NPO income in countries with vastly different NPO sectors? Some authors point out to the

⁵ Conference of Asian Foundations and Organizations (CAFO), *Social Entrepreneurship: A Compilation of Experiences and Exemplary Practices in Southeast Asia*. Manila: Philippine Business for Social Progress (PBSP), 2003, p. ii.

⁶ SALAMON, Lester, Helmut K. Anheier and associates, *The Emerging Sector Revisited: A Summary (Revised Estimates)*. Baltimore: Center for Civil Society Studies of the Institute for Policies Studies of

phenomenon of globalization, which has given more power to the market and freed it from the influence of national governments, who have seen their power decrease and found themselves less and less able to control companies that have become multinationals, unbothered by national boundaries. The freeing up of market forces has meant that it is the market that now determines the allocation of resources, which is increasingly determined by economic considerations and no longer based on simple needs. This is particularly evident in the atrophy of the welfare state, where in many countries, the government has relinquished part of its responsibility as social welfare provider to market actors (businesses and nonprofits alike).

Furthermore, as the market grows, there is an unprecedented creation of wealth, which unfortunately is not distributed equally. The gap between rich and poor continues to grow, and is one of globalization's consequences that have been vehemently critiqued by anti-globalization protesters. The imbalance in the distribution of wealth means that social needs are growing but are not being adequately answered by the government or by the profit-oriented business sector. Hence, globalization has imposed two important challenges on NPOs: first, it has meant that NPOs must take on more social needs that are unmet by both the public and private sectors and second, it has meant that in order to survive in the new economic environment created by globalization, NPOs must become full-fledged market actors who can no longer simply rely on government subsidies or charity.

The above mentioned challenges are valid for NPOs in both developed and developing countries. But in the latter case, where foreign aid has significantly contributed to the growth of the NPO sector, shifting international philanthropic priorities have created additional difficulties for these NPOs. Undeniably, the grants and subsidies provided by foreign agencies or grant making organizations to third world NPOs have contributed to addressing pressing social issues in these countries, and have also contributed to the development of local NPO sectors. However, some argue that such a model has created a pattern of dependency on foreign donors, where local NPOs can obtain more funds from foreign donors and will not necessarily feel the need to cultivate a local donor base (Johnson, 2000). Moreover, critics have maintained that the money obtained does not necessarily help the NPOs improve their operations or increase their effectiveness. Now, some NPOs in developing countries are facing a crisis because many international donors are reducing their international grants or redirecting their support. In some cases, donors are reducing their support to countries which they feel have "graduated," and following geopolitical changes, are shifting their attention to other areas with more pressing needs. However, if we consider the situation in the United States, which is definitely one of the biggest international donors, the bad performance of the US economy in the past few years coupled with concerns regarding terrorism (the new scrutiny of the American government on international grant making by US grant making or corporate foundations have made these organizations worried that money may inadvertently be funneled to support terrorist groups) has meant that international grant making has diminished and NPOs in

developing countries must reconsider their methods to obtain funding.

Like their foreign counterparts, NPOs in Taiwan have also engaged themselves in the path of social entrepreneurship. For the past two decades, following the growth of the nonprofit sector and the development of NPOs as important social actors, Taiwan NPOs have evolved from practicing more traditional forms of charity to tackling new and emerging social issues by providing direct services, by engaging in advocacy, by conducting social education and by influencing government policies. Being at the forefront of addressing more complex social issues, NPOs have also started experimenting with new strategies and methods to further their mission that call upon business concepts or models. By using the market and its tools, NPOs can answer their beneficiaries' needs, improve the organization's ability to tackle problems and have a transformation effect on society. Furthermore, the current difficult economic period through which Taiwan NPOs are going has also meant that business models, apart from furthering the NPO's mission, have become ways to diversify the sources of funding of the organization and ensure greater financial stability. Using business methods to pursue both mission goals and financial goals has now become widely accepted among Taiwan NPOs, and has also received the attention (and often support) of the government and business sectors. However, acceptance of social entrepreneurship by Taiwan NPOs does not necessarily mean that they are equipped with the tools, skills and knowledge to set up and operate their own income-generating venture.

Evidently, the types of challenges faced by NPOs around the world are different from one society to another but basically, NPOs are all confronted with the current problem of competing for limited resources while being at the mercy of shifting donor priorities, changes in government policies and fluctuations of the economy. At the same time, NPOs are expected to show greater effectiveness in answering growing social needs, which means using resources more wisely to achieve greater results. In order to address the problems they are facing and meet the expectations imposed on them, NPOs have had to become more conversant in the business language and become more comfortable with market models (Johnson, 2000). Furthermore, NPOs have had to find ways to diversify their sources of funding to guarantee secured income and decrease their dependence on a single source of funding. Experimenting with social entrepreneurship has now become an important trend for NPOs to address the above mentioned issues.

First, a successful SE venture can develop into a new channel of funding for NPOs, thus making them less vulnerable to changes in the outside environment. Second, social entrepreneurship implies that NPOs harness market forces in a creative way to address pressing social needs, thus becoming full-fledged market players no longer vulnerable to the wave of globalization but instead addressing its impact. Third, because social entrepreneurship implies using business models to achieve social goals, the integration of business concepts and skills inside the NPO will have the positive effect of raising its organizational effectiveness and making it more sensitive to the need to improve its overall management.

1.3. Problem statement

As we have seen, definitions of social entrepreneurship, although they basically agree on the principle, actually vary in the content and in the details. As such, social entrepreneurship can comprise a wide range of activities. In Taiwan, there is much talk about the business and market orientation of NPOs where these organizations, on one hand, integrate some important business concepts and techniques to their operations to increase their organizational effectiveness, and on the other hand, use income-generating business models as means to answer more social needs and at the same time, diversify their sources of income. Social entrepreneurship is an approach that is increasingly being used by NPOs in Taiwan, which involves skills and knowledge that NPOs do not necessarily have in areas like business and strategic planning, marketing, sales, etc. It implies that NPOs will meet a wide array of problems or will have to deal with tensions that are somewhat different from what the organization is used to. There is still a lack of consensus when it comes to proposing a definition of such a phenomenon in Taiwan, nor is there any agreed upon categories to appropriately illustrate the whole spectrum of NPOs using enterprising methods in Taiwan or survey of the issues that these organizations are facing in the process of integrating income-generating activities inside their nonprofit organizational structure.

Considering these limitations, this research does not pretend to offer a solution to the definition problem of social entrepreneurship in Taiwan, nor can it affirm that its findings are representative for the whole nonprofit sector. Furthermore, this research does not claim to be able to answer all questions that NPOs might have regarding social entrepreneurship, nor does it provide recipes for success for NPOs wishing to engage in income-generating activities. Instead, what this research attempts to do is, by basing itself on the real experience of NPOs engaged in SE ventures, examine their motives for starting business-related activities, as well as the difficulties they have met and the strategies they have developed. From the recurrent themes that will emerge from the combination of these NPO experiences, we hope to dig out information about what are the common obstacles faced by NPOs, what are the factors that can facilitate social entrepreneurship and what are the conditions that NPOs who want to engage in SE should be able to meet.

2. Methodology

2.1. Research method

To conduct a broad survey on NPOs engaged in income-generating activities would be helpful to map out the situation of social entrepreneurship in Taiwan. Perhaps by covering a high number of NPOs, such a survey could discover many types of business activities, facilitate the identification of categories and paint a representative picture of patterns and trends in social entrepreneurship. However, due to time and resource constraints, this research could not engage in such a massive enterprise.

Instead, the method chosen for this research is qualitative, and has consisted in conducting in-depth interviews with selected NPOs. In-depth interviewing, also known as unstructured interviewing, is a type of interview which researchers use to elicit information in order to achieve a holistic understanding of the interviewee's point of view or situation; it can also be used to explore interesting areas for further investigation. This type of interview involves asking informants open-ended questions, and probing wherever necessary to obtain data deemed useful by the researcher. Considering time constraints for the whole data collection period, this method proved efficient to collect a large number of quality information in a relatively short time. The interview method allows the flexibility to follow different paths opened by the respondents' answers and the interaction between interviewer and interviewee stimulates ideas and associations on both sides, thus creating a rather dynamic process. For this specific research, the guided interview method was chosen, where a basic checklist of questions was prepared to make sure that all relevant topics were covered. Such a method defines the parameters for the interview in order to keep the whole process in line with the aim of the research, but still offers flexibility for in-depth probing and to explore other interesting ideas which the interviewee's comments might bring up.

The choice of interviewees was based on the most basic and commonly agreed upon definition of social entrepreneurship, which can be simply put as "A nonprofit organization that uses earned-income strategies to further its mission and generate income." Our target interviewee must be a nonprofit organization, belonging either to the category of foundations or to the category of associations. We did not consider businesses or government agencies as potential interviewees, our preference going to income-generating initiatives put forth by NPOs themselves, even though in some definitions of social entrepreneurship, no distinction is made regarding the sector to which belongs the organization or individual engaged in income-generating activities. However, this does not exclude the possibility that NPOs form partnerships with businesses or government agencies to start the income-generating activity. The type of earned-income strategy or its financial performance did not limit our choice of interviewee either. The important issue was that the venture generates income, with surplus either being returned to the NPO in support of its other nonprofit programs and services, or returned to the NPO's beneficiaries (as salaries, grants, subsidies, etc.).

During the interviews, interviewees were first asked to describe their organization's mission, the background for its establishment, the number of staff and volunteers, as well as its organizational structure and principle sources of financing. Then, the focus of the interview turned towards describing the specific profit-generating methods used. However, apart from describing "technicalities," we tried to explore what were the broader issues faced by these organizations in implementing SE, what were the motivations behind starting the SE venture, as well as what were the problems that the NPO faced and what strategies did it employ to respond to these problems. At the same time, by understanding the general situation of the NPO's structure, operations, decision-making process and organizational culture, the interviews also tried to identify what were the factors or conditions that influenced the success (or failure) of the NPOs in implementing SE.

2.2. Organizations interviewed

A total of 12 NPOs were contacted to request an interview, with these organizations all being known for having income-generating activities, with some being actually quite famous and having become models followed by other NPOs. Of these 12 NPOs, only two organizations declined the request for interview. One NPO declined the request for interview because it would coincide with a particularly busy period for the organization. Another organization declined because it was undergoing significant internal transformations. Hence, in-depth interviews with representatives of ten NPOs engaged in social entrepreneurship-type activities were conducted between February 5 and March 5, 2004. The table below lists the names of NPOs interviewed, as well the type of organization, the type of income-generating activities it operates, the person interviewed and the date of the interview.

Table 1 List of NPOs interviewed

	Organization	Type of NPO	Type of SE venture	Interviewee	Date of interview
1.	Sunshine Social Welfare Foundation	Social welfare foundation helping burn victims and physically handicapped people	- Car wash - Store - Gas station - Production of pressure garments for burn victims	Executive Director	2004-02-05
2.	Society of Wilderness (SOW)	Environment protection association	- Sale of SOW products like books, calendars, greeting cards, T-shirts - Service fees from nature observation trips and other related activities	Secretary General	2004-02-06
3.	Yucheng Social Welfare Foundation	Social welfare foundation helping mentally handicapped people	- Car wash - Recycling services - Restaurant	Supervisor	2004-02-10
4.	The First Social Welfare Foundation	Social welfare foundation helping mentally handicapped people	- Bakery - Cleaning service - Handicraft production - Production of therapeutic instruments	Secretary General and PR team leader	2004-02-11
5.	Jenju Community Development Association	Association that promotes community development	- Production of local handicraft - Promotion of tourism	President	2004-02-12
6.	The Garden of Hope Foundation (GOH)	Social welfare foundation helping prostitutes and young women victim of abuse or violence	- GOH doll - Restaurant (not operating anymore) - Ai-Hsing Company	Executive Director	2004-02-23
7.	Tsuei Mama Foundation	Social welfare foundation working on issues of housing and community development	- Service fees for housing information and moving companies - evaluation system	Executive Director, Director of moving service department and Special Project Secretary	2004-02-24
8.	Eden Social Welfare Foundation	Social welfare foundation helping physically disabled people	- Sheltered workshop producing wheelchairs - Data key-in service - Charity Marketing	Deputy Executive Director	2004-02-25
9.	Syinlu Foundation	Social welfare foundation helping mentally handicapped people	- Cleaner service - Gas station - Restaurant	Board member	2004-02-26
10.	Children Are Us Foundation (CAUF)	Social welfare foundation helping mentally handicapped people	- Bakeries - Restaurant	Executive Director	2004-03-05

These NPOs were chosen on the basic principle that they all have income-generating activities, and as such, the type of NPO or the type of SE activities did not limit our choice of organizations to interview. However, one can see that social welfare foundations helping disabled people account for the biggest proportion of respondents. For this research, we interviewed many social welfare foundations that have established business ventures of the sheltered workshop type to provide training and employment opportunities for the disabled people who unfortunately have been traditionally left out from the regular job market. These foundations and the businesses they operate are often the first to come to mind when we think of social entrepreneurship in Taiwan.

For the pioneer organizations that initiated the trend in the early 1990's, the concept of sheltered workshop was still very new and not well understood in Taiwan. With no local examples to follow and little, if no support from the government in terms of subsidies and a better legal framework, these organizations decided to tackle the problem of limited social welfare resources available for the disabled as well as the lingering prejudices against disability in society by creating sheltered workshops. These workshops would not only empower the disabled by allowing them to generate resources by themselves and for themselves, but they would also contribute to breaking down the widespread misconceptions of disabled people as being unable to be productive elements in society.

The increasing number of sheltered workshop type businesses operated by NPOs in recent years can perhaps be explained by the trend initiated by a few pioneering organizations who were then followed by other organizations seduced by the model and who recognized the potential it had for the development and empowerment of their beneficiaries. Furthermore, the fact that subsidies given to NPOs for the establishment of sheltered workshops by both the central and local governments have increased in the past few years is not foreign to the increase in the number of NPO-operated businesses employing handicapped people. Some of the foundations like Children Are Us Foundation, Sunshine Foundation, Eden Foundation, Garden of Hope Foundation and Synlu Foundation were chosen because they are well-known NPOs that have achieved a certain level of renown in social entrepreneurship and their ventures employing disabled people are often cited as examples.

Other NPOs were chosen because they represent different models and try to achieve different social goals. The Society of Wilderness (SOW) is an association concerned with environmental protection which uses the sale of products it has developed like books, calendars, greeting cards or T-shirts as a mean not only to increase its income, but also to spread its social message and strengthen the identification of the members to the organization. The Tsuei Mama Foundation on the other hand uses fees perceived from the housing information service and moving evaluation service it provides to guarantee stable income for the foundation and to allow for the development of other nonprofit programs in the area of housing and community development.

Finally, the Jenju Community Development Association is representative of a trend in local community-based NPOs to encourage the social and economic development of a specific area. In collecting information on social entrepreneurship in Taiwan, it became evident that the ways in which this phenomenon took form were very diverse and encompassed a whole range of activities whose ultimate social goals and beneficiaries are quite varied. One manifestation of social entrepreneurship we believe is worth investigating in Taiwan can be found in community empowerment movements, where civil society actors develop communities at the human, cultural and socio-economic levels by engaging people and by integrating resources in the community.

In the rapid urbanization process undergone by Taiwan in the past thirty years, the gap between the city and the countryside has widened, with many rural communities or those not directly located in urban centers being left lagging behind. With the transformations and uncertainties now brought about by globalization, communities now face even greater challenges because they feel that they are slowly losing their grasp on the market and on its workings. Community empowerment, as a multifaceted action initiated at the grassroots level, touches upon issues such as local culture and tradition, the environment and public health, but it is also a vehicle for economic development and the creation of local industries. By using innovative and entrepreneurial methods, people and groups involved in community empowerment can give back control to communities over their economic development by encouraging the creation of job opportunities and by developing industries that build on local characteristics and resources. The experience of the Jenju Community Development Association shows how, by combining a concern for harmonious human relations with local tradition, culture and entrepreneurial initiatives, it has managed to create for the Jenju Community distinctive industries that have turned it into a sought after tourist destination and a successful example of community empowerment.

3. Social entrepreneurship in Taiwan

3.1. General state of the NPO sector

Since the late 1980's, the number of NPOs in Taiwan has consistently grown, with the biggest development phase coinciding with the few years following the lifting of Martial Law in 1987. This period is considered crucial by many academics studying the development of the NPO sector in Taiwan because it marks the convergence of social, political and economic factors that contributed to creating an environment favorable to the growth of NPOs. First, the late 1980's and early 1990's are a period of sustained economic growth, often referred to as the "Taiwan Miracle," which also signaled the emergence of a well-educated middle class increasingly concerned with social issues and demanding more opportunities for social involvement. Many social movements emerged during this period demanding reforms, which eventually culminated with the lifting of Martial Law in 1987. This meant that freedom of association, which had been suppressed for some forty years, was restored, and citizens were now free to form groups to represent their interests. With fewer political barriers, individuals and specific social groups (women, disabled or aboriginal groups) began to form associations and establishing foundations. At the same time, many corporations who wanted to give back to society began establishing foundations.

The quantitative growth of the NPO sector is evident when we look at the current number of NPOs in Taiwan. We usually distinguish two types of NPOs: endowment-based foundations and membership-based associations. According to the *2002 Survey of Foundations in Taiwan*, there were a total of 3,014 foundations in Taiwan for the year 2002, with the majority of these foundations involved in the fields of education and social welfare.⁷ Of these foundations, 53% are registered at the local government level (county or city government), while 47% are registered at the national level government. Interestingly, 65% of foundations in Taiwan were established after 1987. In regard to associations, the most recent figures from the Ministry of the Interior⁸ show that as of December 2003, there were a total of 31,844 associations. Of this number, 9,224 are professional organizations (trade unions), 138 are political organizations and, of greater interest to us, 22,482 are social organizations. The majority of the associations in this latter category (48%) focus their work on arts and culture, as well as on social service and philanthropic work.

New nonprofit organizations that emerged in the late 1980's and early 1990's were different from earlier organizations mostly involved in traditional forms of charity, in that the issues they were preoccupied

⁷ The survey conducted in 2002 targeted "incorporated entities" whose name included the word "foundation." Private schools, hospitals or religious organizations, which can also register as "incorporated entities" but are not structured as foundations, were not considered for the survey.

⁸ Original statistics published on the Ministry's website differentiate associations registered at the local government level and at the central government level. The number of associations (31,844) has been obtained by adding the number of associations at both levels of the government. <http://www.moi.gov.tw/W3/stat/home.asp> (in Chinese).

with and the scope of their activities were of a more pluralistic nature (Hsiao, 2003). Nonprofit organizations today play a variety of roles by providing direct services, by conducting advocacy and participating in the drafting of government policies, by participating in economic development through the creation of job opportunities and through community development, by implementing the social welfare policies spelled out by the government, and so on.

The growth of the NPO sector in Taiwan has resulted in changing perceptions. First, NPO workers themselves have become aware of being part of the so-called “nonprofit sector” or “third sector,” both expressions that refer to the community formed by nonprofit organizations and distinguishable from the government and business sectors. These expressions have become widely used in Taiwan only a few years ago, thanks in part to the growing number of NPO-related activities and research which were crucial in spreading these concepts.

The government has also become aware of the importance of the NPO sector, which represents a social force capable at times of influencing public policies, as well as assisting the government in implementing them. Support for the development of the NPO sector on the part of the government has consistently grown, with many government agencies like the National Youth Commission, the Ministry of the Interior or the Ministry of Education organizing training programs for NPO workers. NPO-government cooperation has also increased, where the government “contracts out” NPOs to conduct social welfare, employment or “community empowerment” programs.

Even the business sector in Taiwan has become attuned to the growing importance of the NPO sector, with many companies eager to demonstrate their corporate social responsibility either by partnering with NPOs in philanthropic endeavors, but also by establishing their own foundations. A recent survey conducted by *Commonwealth* magazine has shown that of the 108 Taiwan companies in the manufacturing, service and financial sectors who participated in the survey in 2004, 90% made philanthropic contributions either through “charitable donations, grants or other concrete gestures.”⁹ However, the survey also showed that although “corporate philanthropy” and “corporate social responsibility” are concepts that are attracting more and more attention inside the corporate world, they are still often expressed through traditional charity and not so much through organized and strategic philanthropy to answer social problems.

As government and the business sector increasingly recognize the important role played by NPOs, interaction in the form of cross-sector cooperation has become widespread. At the same time, when corporations become engaged in philanthropy, when NPOs replace government in the provision of social services or when NPOs start using business management practices to conduct their work, one sector’s

⁹ HE Chi-Yu, “2003 Taiwan Corporate Philanthropy Survey: Doing Good But Lacking a Clear Strategy”, *Commonwealth*. March 1, 2004, p. 136.

“foray” into another sector’s “territory” results in the blurring of boundaries between the three sectors. This is a phenomenon currently taking place in Taiwan, like elsewhere around the world.

3.2. Factors contributing to the development of social entrepreneurship

As we can see, the NPO sector has grown not only in quantitative terms but also in qualitative terms, playing increasingly diversified roles in society and engaging in more interaction and exchange with the government and the business sectors. But as the sector grows and gains recognition, it also faces many challenges, with financing being one of the most urgent. Financing is a constant issue that NPOs must deal with. Obviously, securing a stable source of income to continue pursuing their mission is a daily struggle for all NPOs. Taiwan has very few grant making foundations, most foundations being of the operating type, and generally speaking, with low interest rates, the endowment of these foundations cannot produce sufficient income to support all their operations. Hence, we have a phenomenon in Taiwan where foundations frequently engage in fundraising with the general public or apply for government subsidies the same way associations do. In addition, Taiwan does not benefit from the philanthropic support of international grant making institutions or United Nations organizations like other countries in Asia do. This means that the majority of foundations and associations in Taiwan have had, in order to sustain their development, to cultivate and rely on a local funding base.

In recent years, there have been structural changes in the socio-economic environment which have forced NPOs to revise their financing methods, and many experts in the NPO field and in the academia point out to two factors: the 921 Earthquake and the current economic slowdown affecting Taiwan. In his paper “The New Face of Nonprofit Organizations: Social Entrepreneurship,”¹⁰ Chen Chin-Kuei highlights the fact that the 921 Earthquake that hit Taiwan on September 21, 1999 has had a profound impact on the philanthropic landscape by transforming giving patterns of the general public as well as the way government provides subsidies to NPOs. After the 921 Earthquake, the government naturally channeled more funds towards recovery and reconstruction efforts, which meant that subsidies available for non-disaster related projects shrank. Also, in a natural response of the population appalled by the scenes of destruction after the earthquake, huge amounts of donations from the general public flowed towards support of disaster relief and post-earthquake reconstruction work. In order to get a sense of the response from the general public after 921, the “Social Development Trends and Social Participation Survey for the Taiwan Area” was conducted between May 1999 and April 2000, and results were compared to a similar survey conducted one year earlier between May 1998 and April 1999. The survey revealed that the donation rate among the population for the post-earthquake period reached 68.06% (compared to 36.3% for the year prior to 921). Among the people who donated during that period, 33.35% gave specifically to 921 relief efforts, 27.13% gave both to causes related and unrelated to 921, while

¹⁰ CHEN, Chin-Kuei, “The New Face of Nonprofit Organizations: Social Entrepreneurship”, Taipei: National Policy Foundation, 2002, <http://www.npf.org.tw/PUBLICATION/IA/091/IA-C-091-172.htm>.

donations exclusively targeted to causes unrelated to 921 only represented 7.58%.¹¹ This has meant that although more people donated, NPOs were not necessarily receiving more funds to support their regular operations and services. Furthermore, many NPOs also became involved in the disaster area and many channeled their energies as well as the donations they received to support emergency and reconstruction work.

The result of this was that the overextended government had tighter budgets, businesses and the general public which had already given in huge amounts gave less afterwards, and NPOs who had stretched their human and financial resources in post-earthquake efforts were left with fewer resources at a time when fundraising became more difficult. And if that were not enough, around the same time, Taiwan entered a period of economic recession, which made the financing of already weakened NPOs even harder. Interest rates close to 1% could not produce any income for the few foundations that in the past could rely on their endowment, businesses whose profits decreased began to review their philanthropic strategies, and the public who was now earning less started thinking twice before giving. With many organizations affected by shifts in the distribution of resources, NPOs were faced with the necessity to review their traditional financing methods and develop new channels of funding. This has meant that NPOs have had to become more creative in their fundraising, perfect their marketing skills, look for opportunities to partner with businesses or other NPOs, or conduct online fundraising. It has also meant that NPOs have started experimenting with for-profit activities as a mean of diversifying their sources of income.

This experimentation of NPOs with for-profit activities has not just been made necessary in response to funding difficulties but can also be related to a much broader trend in the NPO sector to encourage greater professionalization of NPO work through the integration of concepts and skills originating from the business sector. The market orientation of NPOs has meant that these organizations pay closer attention to concepts such as cost and quality control, performance evaluation, and so on. It has also meant that the application of business management concepts and techniques to increase the organizational efficiency of NPOs is becoming more widespread. Furthermore, NPOs have started applying marketing concepts to identify who their “customers” are and what are their needs in order to strategically align the organization and its services with the external environment.

¹¹ www129.tpg.gov.tw/mbas/pic-1/y88/summary88.doc (in Chinese)

3.3. The Concept of social entrepreneurship in Taiwan

This attention to the business orientation and market orientation of NPOs as a mean to improve organizational efficiency has further developed into an interest in using business models and income-generating methods to allow NPOs to achieve their social mission and diversify their sources of funding. This interest can be attested by the growing number of articles detailing the specific experience of NPOs using business models, as well as by the number of conferences organized on that topic in recent years.

However, there is yet to emerge a common definition or a common term to describe the practical manifestations of this phenomenon whose development is already well under way. A few articles and Masters thesis written in Chinese directly refer to the term “Social Entrepreneurship” (in Chinese *shehui qiye*) and introduce the concept, often by using theory and examples originating from the US (Chen, 2002; Chin, 2003; Hsiao, 2001). In one of his article on social entrepreneurship, Chen Chin-Kuei defines social entrepreneurship as how “one NPO, starting from its own qualities and inherent characteristics, can use profit-making activities to generate income that is in turn used to support the organization’s other nonprofit services and activities.”¹² The emphasis seems to be on attaining the “double bottom line” of furthering the social mission of the NPO as well as generating income, and the discourse focuses on the practical aspects of the business management methods.

Others, like Huang Jung-Tun in a paper presented during the NGO Summer Forum organized by the Taiwan New Century Foundation in July 2002, inscribe the use of business models by NPOs in the broader phenomenon of social development. According to Huang, the phenomenon of NPOs becoming involved in the market is not merely about making money but it is also about these organizations becoming a supporting force in society by creating training and employment opportunities, by encouraging the development of local industries, by preserving local traditions and culture, etc. As such, the spirit of social entrepreneurship is rooted in social participation. By encouraging social participation, NPOs can help develop a model for communication and for the sharing of power that neither the government nor the business sectors have the power to create on their own (Huang, 2002). This vision offers some similarities with the views that CAFO has regarding the benefits of social entrepreneurship, especially in terms of its “democratization” effect.

¹² CHEN, Chin-Kuei, “The Development of Industries by Nonprofit Organizations”, paper presented during the NGO Summer Forum organized by the Taiwan New Century Foundation, July 30, 2002, <http://taiwanncf.org.tw/seminar/20020730/20020730-15.html>.

3.4. Forms of social entrepreneurship activities

From the ten NPOs interviewed and their particular social entrepreneurship experience,¹³ we can collect the type of income-generating activities into simple categories useful for this research.

- Fee-for-service payment

The first type would be “fee-for-service payment,” where the services related to the NPO’s mission are paid by the users themselves (or can also be paid by a third party). Examples include the nature observation trips organized by the Society of Wilderness or the housing information service provided by Tsuei Mama Foundation.

- Product sale

A second form is that of product sale. Some products are related to the NPO’s work and play a crucial role in furthering the mission, such as the pressure garment production of the Sunshine Foundation or the therapeutic instrument production of The First Social Welfare Foundation that directly benefit the clients of these NPOs. Other products are designed to embody the mission of the organization as well as help promote its message. Examples include the nature cards, calendars and books of the Society of Wilderness, as well as the dolls and books of the Garden of Hope Foundation. However, some products are not directly related to the NPO’s mission but nonetheless help by generating income, like the bottled water or greeting cards sold by Eden Foundation.

- Affirmative businesses

A third form is that of affirmative businesses, where “a business or an income-generating activity is established to provide training, work opportunities, competitive wages and ownership to mentally, physically, economically or educationally disadvantaged people” (Boschee, 2003). Examples include the businesses employing handicapped people like the bakeries and restaurants operated by Children Are Us Foundation, the car wash centers, MRT stores and gas station operated by the Sunshine Foundation, the cleaning stores and gas station of Syinlu Foundation, the recycling centers and car wash center of Yucheng Foundation, the bakery and cleaning teams of the First Social Welfare Foundation, as well as the data key-in center and factory of Eden Foundation. Other examples include the former restaurant employing youths operated by the Garden of Hope Foundation, as well as the handicraft industry created by Jenju Community Development Foundation for the unemployed residents.

- Independent for-profit business entity

A fourth form is that of a company specifically created for the benefit of one or more NPOs. The company has been set up as an independent entity whose goal is to generate profits that will be redistributed to one or many NPOs, and unlike other NPO business ventures such as sheltered workshops, the business is not part of the NPO’s organizational structure. The impact on the social mission is

¹³ Detailed descriptions of the SE activities of the NPOs interviewed can be found at the end of this paper.

indirect because the main purpose of the company is to provide income for the NPO. An example of such a company is the Ai-Hsing Company established by the Garden of Hope Foundation.

4. Lessons to be learned from the social entrepreneurship experience of ten Taiwan NPOs

4.1. Attaining financial and social goals as motivations

Literature on social entrepreneurship usually mentions that SE is as much about reaching social goals as it is about attaining financial sustainability, the famous “double bottom line” approach. As such, when examining the phenomenon of social entrepreneurship in Taiwan, it is important to consider factors leading to the growth of SE from both the financial perspective and the social perspective. While it is true that changes in the financing structure of a NPO can encourage the organization to make the leap into SE so as to develop a new channel of funding, a changing social environment which leads to the emergence of new social needs might have a similar effect.

- Diversifying the sources of funding

The previously mentioned factors of the 921 Earthquake and the economic recession, because of their impact on the financing of NPOs, have more or less made these organizations aware that they can be vulnerable to changes in the outside environment. It can be safe to say that it is now generally accepted among NPOs to use profit-making methods to increase the organization’s revenues, whether it is by selling products developed by the organization, charging fees for services provided or even by operating an income-generating business. As one interviewee so aptly put it, nonprofit does not mean non-profitable, and the nonprofit status of an organization does not exclude the possibility of having earned income to be used to support other programs and services. The income-generating activities might not be able to cover all the expenses of the organization, but at least they represent another resource channel that can allow the NPO to weather changes in the outside environment and attain greater financial stability.

In our meeting with Children Are Us Foundation, our interviewee stressed the importance for NPOs to develop different funding channels to guarantee the sustainability of the organization. The foundation, in developing its social ventures, has managed to reach and maintain an income ratio where self-support income represents 55% (Su, 2002; CAUF English website). Our interviewee explained:

“A NPO needs sufficient financial resources to support its operations in a sustainable way. Traditionally, these resources have been obtained either from the government or from donations by individuals. These are all resources coming from outside and which you cannot control. If the economy goes bad or you have a disaster like the big earthquake (921 Earthquake), you lose your handle on these resources. Under such circumstances, you need to have your own resources. We thus started to think about how to develop a type of work that would allow us to

attain our mission but at the same time give us greater financial autonomy so that we could support ourselves. I believe that if a NPO can come up with a model that can reduce its financial burden from a self-sufficiency perspective, this is a step towards business orientation.”¹⁴

This philosophy of self-reliance is crucial to Children Are Us Foundation: not only does the foundation advocate “self-support” for people with intelligence disability by providing them with adaptive technology and work opportunities so that they are less dependent on social resources, but it also aims, as a NPO, to be self-reliant and not depend exclusively on government subsidies and individual donations, resources upon which an organization has no control.

In our interview with Eden Foundation, a similar concern for developing different sources of income to increase the foundation’s autonomy and self-sustainability was expressed. The foundation has developed a “one-third strategy” where it tries to maintain a balance between government subsidies, donations and earned income from social ventures, where each source ideally represents one third of the total income. Although a one-third balance is sometimes hard to maintain and the actual proportions of each sources of funding vary, it is still a goal that the Foundation tries to attain.

A business model will hardly be able to entirely satisfy the financial needs of an organization, but can instead be viewed as a means to diversify sources of funding. Our interviewee at the Sunshine Foundation explained that the organization tried to maintain a balance between its different sources of income where, ideally, 50% of funds are generated through fundraising, 25% come from government subsidies and another 25% is generated by the foundation through its different business activities. The Foundation can thus manage risk by diversifying its sources of income but our interviewee also highlighted the fact that having 50% of funds from fundraising is a way to maintain a close relationship with the public and raise awareness about the welfare and rights of burn victims. It is also a motivation for the Foundation to strive towards greater transparency and accountability.

During our meeting with the Society of Wilderness, our interviewee mentioned that, as an association which does not have an endowment that can procure a relatively steady source of income like foundations, it was important from the beginning to develop income-generating strategies, like the sale of calendars, greeting cards, clothes and books. The sale of products represents more or less 20% of SOW’s revenues. However, our interviewee went on to raise two important points which NPOs should keep in mind while pursuing financial goals, and which were echoed during interviews with other organizations.

First, the pursuit of financial sustainability through income-generating strategies must not obscure the fact that NPOs, in order to thrive and remain socially relevant, need the support and participation of the

¹⁴ Interview Children Are Us Foundation, March 5, 2004.

public, either through donations or volunteering. The ties between the NPO and its donors are built because the organization's mission has touched a fiber in the hearts of donors, who recognize and give value to the organization's work. Also, donations might force organizations to pay attention to issues of transparency. If an appreciable percentage of the organization's income comes directly from individual donations, the organization has the responsibility to be accountable to its donors. Hence, many organizations interviewed believed that donations are and should remain an important source of income that any business venture cannot replace.

Second, NPOs should never lose sight of their mission in the pursuit of financial sustainability. Income generated through a social venture is the tool to achieve the mission and should not be the ultimate goal. For example, in the case of SOW, which promotes environmental protection, this means that environmental considerations are put in the choice and in the production of the items that will be sold by using recycled material when possible and by refraining from producing in big volumes so as not to waste resources, by selling products that can be reused in different ways or that can be used in outdoor activities, etc. This also means that in organizing the nature observation trips for which participants must usually pay a fee, SOW will also provide this service for free to orphanages and economically disadvantaged children simply because it corresponds to their mission of making nature accessible to everyone, especially those groups that generally do not have the chance.

- **Furthering the social mission**

However, as the above mentioned examples have shown, financial needs cannot totally explain why NPOs decide to make the leap into social entrepreneurship. Our interviews with NPOs have shown that answering social needs is the crucial factor in the equation, which generally outweighs and, for some organizations, even precedes any financial considerations. Interviewees, in an overwhelming majority, pointed to the fact that the SE activity was seen primarily as a strategy or a mean for the organization to achieve its social mission. In some cases, there are NPOs that have a SE activity that can generate profits representing a certain portion of the organizations funds. However, there are cases where some NPOs accept to engage in SE activities that barely break even or that are not profitable at all, simply because these organizations feel they are answering a need for which there is not yet any solutions.

In fact, our interviewee from the Sunshine Foundation provided words of caution for NPOs who might be tempted to see social entrepreneurship mainly as a profit-generating method, especially if it is by setting up an enterprise: it is a painful process to operate a business, both in terms of its financial and organizational impact, and the financial return can be very small in comparison to the efforts, the time and the money invested in the business. It is not easy to be profitable and as such, there must be a social mission, a higher goal, to support the *raison d'être* of the business. The Sunshine Foundation has been operating social enterprises for the past 14 years, and is one of the few NPOs operating sheltered workshops to have reached an appreciable level of sustainability. During our meeting at Sunshine

Foundation, our interviewee emphasized that the Foundation's motivation to start these businesses was first and foremost to fulfill its mission towards the care and welfare of facial burn victims. As such, before starting any new venture, the Foundation asks itself whether the new venture is consistent with the social mission of Sunshine, whether it will help achieve the mission and positively impact the lives of the beneficiaries. Social entrepreneurship forces the foundation to constantly reexamine its business operations in light of the organization's mission and its core values. The business is a means or a strategy to achieve the mission and should not be a goal in itself (Chen, 2003). It is the mission that gives the business its *raison d'être* and that can justify, in face of criticism towards NPOs adopting entrepreneurial methods, the NPO's efforts of time, money and energy, the sometimes painful organizational changes it will have to undergo as well as the financial risks and burden it will support.

Many NPOs interviewed saw that social needs were not being answered adequately either by government programs or by businesses in the competitive market and thus decided to take matters into their own hands. This is done by entering the regular market system to achieve social transformation. An example which makes this fact particularly evident is the phenomenon of NPOs whose SE ventures, usually sheltered workshops, provide training and work opportunities for special groups like disabled people, who are usually left out of the traditional job market. As such, although NPOs are well aware that SE can be an income-generating tool and welcome this very useful function, their main motivation in using SE is that it can help them answer more social needs and promote their social message in a creative way.

4.2. Common issues faced by NPOs

The range of social entrepreneurship activities conducted by NPOs in Taiwan is broad, ranging from the simple sale of products to operating full-fledged businesses employing dozens of employees (Chen, 2002). The selection of organizations interviewed for this research tried to reflect this reality. However, because of the variety of SE activities, this has meant that comparison between SE methods was rendered difficult. How to compare the experience and issues faced by an organization who uses service fees as an SE strategy with the experience and issues faced by an organization who operates a gas station employing mentally handicapped people? The degree of difficulty in balancing notions of profit and mission, as well as the scope of the impact of the SE activity on the organization's financial and human resource structures indeed will vary greatly. Inevitably, some people will argue that comparison is unjust, as there are more risks and efforts involved for a NPO in setting up a business entity than just perceiving fees for a service it offers as part of its nonprofit mission.

However, despite differences between organizations interviewed and their preferred SE methods, common threads link each of these NPOs' accounts and recurring themes emerged during conversations, which were grouped and organized to hopefully create a coherent picture of the issues and obstacles faced by Taiwan NPOs in engaging in social entrepreneurship, as well as the strategies they use to

address the inevitable impact that income-generating activities will have on their organization.

4.2.1. Organizational culture and values

In the literature extolling the virtue of social entrepreneurship, encouragements for NPOs to reach for the “double bottom line” goals are often followed by cautionary words: for all the benefits that SE can bring in terms of helping the NPO further its mission and hopefully generate income, it will also affect the organization in ways which, if the NPO is unprepared, might be very painful. Technical difficulties are just the tip of the iceberg. The impact of the decision to implement SE reaches far beyond considerations of product/service development or marketing to touch upon the core values of the NPO and its social mission. Deeper problems lie in readjusting values, as well as overcoming defensiveness, reluctance, fear, misunderstanding or opposition at the decision making level (the board), the internal level (the staff) and the external level (the public). SE is much more than just setting up a business and having people inside the organization accept that NPOs can make money. It is about how to instill an enterprising spirit inside the organization where people accept challenges, agree to constantly learn new things, be creative and not fear to venture in the unknown.

4.2.1.1 Issues

- Two different organizational cultures

SE can be seen as the clash between conflicting goals and values embodied into two very different organizational cultures: the nonprofit culture and the business culture. For social entrepreneurship to be successful, a NPO must be able to reconcile, or at least find a balance between these two very different cultures.

Organizational culture is defined by Edgar H. Schein as:

“A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.”¹⁵

An organization’s culture is built over time and in that sense, gives the organization a sense of continuity. It will help distinguish the organization from other similar organizations by creating an environment and norms of behavior to which members will be able to identify. In their article on managing a social purpose enterprise, Flannery and Deiglmeier (2000) underlined the basic differences between nonprofit and business organizational cultures. Although the analysis of NPO characteristics by Flannery and

¹⁵ <http://www.tnellen.com/ted/tc/schein.html>

Deiglmeier is mostly based on social service organizations, the contrast between nonprofit and business is still very revealing. Below is a chart that summarizes these differences:

Table 2 Difference between nonprofit and business attributes

	Nonprofit	Business
Purpose	Exist to change people	Create a product or service
Goal	Abstract level: Goal is often ambiguous, objectives are often hard to measure or quantify	Concrete level: Goal is clear, objectives are measurable
Technology	Use of “imprecise” technology like counseling, training, etc.	Use of precise and accurate technology like manufacturing techniques, accounting, etc.
Client	The relationship between staff and client is complex, with multiple layers, a higher degree of involvement and mutual influence	The relationship between the vendor and customer has clear boundaries and a lower degree of involvement
Measure for effectiveness	NPOs need to take action without concrete and precise measures of effectiveness	Businesses take action on the basis of precise analysis and clear measurement of their effectiveness

Table organized from material taken from FLANNERY, Diane and Kriss Deiglmeier, *Leading the Social Purpose Enterprise: An Examination of Organizational Culture*, The Roberts Foundation, http://www.redf.org/download/boxset/REDF_Vol1_1.pdf, 2000.

Flannery and Deiglmeier point out that NPOs have an engrained tendency to minimize or simply avoid risk, move at a slower pace because they usually need to deal with complex issues that require careful planning and analysis, and as cause-driven organizations, respond to needs and create solutions to problems. When these values meet business values such as risk taking, quick response to change and a profit-driven attitude geared toward anticipating and responding to trends, tension arises. Over time, organizations, like individuals, develop a resistance to change, which makes it hard for them to cope with new demands imposed by changes in the organizational culture. Added to that, some NPOs might feel that pursuing income-generating activities goes against their principles and might lead them away from their mission. In all, it might be hard for some organizations to overcome “divisive thinking,” where only NPOs are meant to achieve social value and only businesses are able to achieve monetary results (Dees, Emerson and Economy, 2002).

- **Staff resistance**

The NPOs we interviewed were not established primarily as social enterprises or to conduct SE activities from the start, and all of the SE activities covered by this research originated at a later point in these

organizations' development. Hence, it is not surprising that our interviews with NPOs showed that many organizations faced resistance from staff and volunteers when trying to implement SE measures. For example, our interview with Tsuei Mama Foundation showed that when the leaders of the organization decided to charge fees for the rental information service back in 1991 in order to stabilize the financial situation of the organization, about one fourth of their volunteers who were in charge of providing the service could not accept this decision because it clashed with their principles that NPOs cannot perceive service fees. Simply imposing service fees for services that the organization already provides can generate a lot of discussions, but what happens when the organization decides to venture out into the unknown by setting up a distinct business? The experience of organizations engaged in operating sheltered workshops can enlighten us.

The social welfare foundations we interviewed usually employ social workers to provide social welfare services but they also operate businesses (restaurant, cleaning, etc.) that require skills outside their social workers' professional expertise. In the context of the SE businesses, social workers are asked not only to supervise the work of the employees and monitor their emotional development, but they are also asked to learn new skills related to the business, then transmit them to the employees while at the same time deal with customers. Simply put, the social workers are asked to demonstrate both social work skills and business management skills, a request that many find hard to accept. Such a resistance can be found in NPOs that have integrated SE activities in their operations much later in their existence, when the NPO organizational culture is well established. But a similar resistance can also be found in NPOs that integrated SE soon after their establishment, as was the case with Children Are Us Foundation. Our interviewee mentioned that although the foundation opened its first bakery only two years after its establishment, it still met obstacles that were eventually smoothed out through communication with employees by emphasizing that the bakery was indeed a way to achieve the foundation's mission.

- **Opposite goals**

But even when the initial resistance from the staff is overcome and the SE activity is up and running, NPOs still face the major dilemma of combining the pursuit of the organization's mission with the pursuit of financial goals. NPOs often make the mistake of operating their SE venture like another social service program because they fear that the venture, if it becomes more business-like, will move the organization further away from the mission. NPOs engaged in SE must deal with social considerations (ex: guarantee the well-being and emotional growth of employees with special needs, be environmentally-friendly, etc.) and more down to earth business considerations (ex: control of costs, profit margin, productivity level, etc.), find ways to balance both types of considerations and attenuate the conflict that they might generate. This dilemma is dealt differently by every organization and there are no ready-made answers to this problem. Hence, some organizations might accept that the SE venture loses money as long as it achieves its mission, and they might fear making decisions that, although improving the venture's performance, would run counter to the organization's social principles.

4.2.1.2 Strategies

- Focus on the mission

Conflicting goals and values are simply part of the deal for any NPO that wishes to start an income-generating activity. For all our interviewees, the basic advice was to remain focused on the organization's mission and emphasize its core values. The mission is the guiding light that will lead the whole SE process and help the organization go through the difficulties that might arise. By emphasizing the core values of the organization and how the SE activity will benefit it, it allows employees to feel that they are not merely helping the NPO achieve financial goals, but that in the process, they are having an actual impact on society. At the same time, it allows the public to see that earned income can empower the organization to achieve more mission. For example, after Tsuei Mama Foundation made the decision to perceive service fees for the housing information services, it also made the decision to strengthen its social work component by becoming actively involved in community development work and by initiating new services to help solve the housing problems faced by students and the disabled.

- Adapt the management structure

Finding a balance between nonprofit values and business imperatives is an ongoing struggle for any organization engaged in SE, but this struggle seems more acute in the case of NPOs that have established their own enterprise. Evidently, operating an enterprise is much more complex and demanding than using the sale of charity products or service fees as income-generating strategies. NPOs who successfully deal with the internal conflict generated by social considerations and business imperatives generally do so by creating an environment where both nonprofit and business values, ways of thinking and methods of work can coexist. SE is mainly how to find balance and for three specific organizations, this has meant to create a type of management system where the duality of business and nonprofit imperatives is accepted.

a) Example of Syinlu Foundation:

Three organizations interviewed can serve as examples of how, to find equilibrium, the management model has been adapted to distinguish business and nonprofit, but at the same time encourage synergy between them. This can be done at the level of the SE venture itself so that a balance can be achieved between attaining social goals and financial goals. It is difficult to copy a particular business management model and implement it in its entirety in a SE venture, not just because of the specific nature of nonprofit organization culture, but also because NPOs usually enter business without prior knowledge and experience. This was the case with the Syinlu Foundation, which started operating a gas station employing mentally handicapped people in 2003. With no experience in running a gas station and having to deal with the particular needs of special employees, Syinlu Foundation has progressively developed a dual management model answering both the business management needs of a regular gas station while

also answering the specific needs of its special employees. In this model, one professional gas station manager oversees the general business operations and one human resource director (usually a social worker) is in charge of training the mentally handicapped employees and monitoring both the quality of their work and their emotional development. In such a model, the professional skills of both managers are used “at the right place for the right work,” but there is always the risk that one manager’s business concerns conflict with the other manager’s social preoccupations, and vice versa. However, Syinlu Foundation was lucky enough to find a gas station manager with extensive experience in the business sector who was also willing to take on the challenge of working with special employees simply because he recognized the mission of the foundation.

b) Example of Eden Foundation:

The adaptation can also be done at the broader organizational level, where the NPO can integrate business principles and methods to increase its efficiency, and hopefully better manage the intricacies of having both income-generating and nonprofit activities. One example is the Eden Foundation, which already operates income-generating ventures providing training and employment opportunities for disabled people such as sheltered workshops, a data key-in service center and a charity sales center. Inside the organizational structure of the foundation, the management and supervision of these different ventures was handled by different teams which, themselves, were under the supervision of the service department (program-oriented service for handicapped people that corresponds to a management model related to social work and social welfare). Although these ventures further Eden’s mission of providing vocational services to the disabled, the foundation came to the realization that, because of their income-generating nature, they could not be managed like regular social welfare programs and should be grouped under one single integrated team to guarantee their development and facilitate the adoption of management methods closer to those in practice in the business world. Hence, the foundation set up in early 2004 the “Charitable Enterprise Professional Team,” a special group with its own structure in terms of human resource and finances, to oversee the development and operations of the ventures. Such a system, while still inside the foundation’s organizational structure, is distinguished from other social welfare service departments and uses business management methods that help implement performance measurement, and facilitate as well as speed up the strategic planning and decision-making processes to allow the ventures to adapt more quickly to needs and market changes. The decision of Eden Foundation to manage its ventures more like businesses is not seen as jeopardizing their social mission. On the contrary, it is seen as a way to ensure that the ventures continue to operate and achieve their mission in a sustainable way.

c) Example of Children Are Us Foundation:

The Children Are Us Foundation is another example of an organization that has managed to adapt its organizational structure to accommodate both business and social welfare operations. A look at the organizational chart of the foundation shows that there are three work stations respectively in Kaohsiung

city, Taipei city and Hsinchu city, and they are all headed by a director. For each work station, there is a social welfare department which focuses on social work (special employee development, case management, temporary care service and group home service), as well as a business department which oversees the operations of the bakeries and restaurants, as well as ensures that the businesses meet their objectives. Such a division clearly distinguishes the goals to be achieved by the social welfare department and the business objectives to be reached by the business department, it also distinguishes the methods employed by both departments. However, although the social welfare department and the business department seem separated, they are in reality interconnected. The bakeries and restaurants are the work environment of the disabled people that are under the care of the social welfare department. As such, social workers from the social welfare department must still be familiar with the work environment and techniques of the bakeries and restaurants, and the store managers must be attentive to the special needs of their employees in order to prepare them to enter mainstream society. Both departments continue to interact and share knowledge and expertise, as well as leverage each others skills.

What makes the case of Children Are Us even more interesting is the fact that upon its establishment in 1995, the foundation decided to break away from the traditional image of charitable organizations as weak, needy, and relying only on compassion to instead promote an image of empowerment and professionalism, where the support of the public coupled with the foundation's own diligent efforts lead to the healthy growth of the mentally handicapped children. As such, Children Are Us has over time developed an organizational culture that values self-support, innovation, the acceptance of competition and even risk taking, as well as professional management and the setting of clear goals. This new organizational culture is summarized in what the foundation has called the Paradigm Shift (illustrated in Table 3), more specifically the shift from the traditional thinking mode of charitable organizations towards a new mode of operation that values effectiveness and the integration of many business concepts, not just for the business ventures but also for the operation and management of the whole nonprofit organization.

Table 3 Traditional NPO model and new NPO model

Strategy View	Traditional Mode	New Mode Tendency
1. Values	Accept social resources Consume social resources	Accept assistance under self-support principle Create social resources
2. Effectiveness	Effectiveness is not so important No definite target, No competitive pressure	Have competition, have pressure Need definite target, Need effectiveness.
3. Resources	Assistance mainly from social sympathy Government Assistance	Create and Accumulate core resources Increase self-support resources, residual support from government and donations
4. Structure	Small size, private ownership	Private operation that is community based
5. Competition	Does not need competition Will be shrunk and kick out	Competition encourages progress Encourage employees (mentally handicapped) to enter the competitive job market
6. Management	Lack of management capacities No merit-assessment system	Management dominated Need self-assessment by objectives
7. Trust	Resources overlap and are wasted Rare network relationship	Share resource and experience Set network relationship
8. Environment	Isolated, closed Centralized Big-scale	Open and community based Humanity Small-scale
9. Nature	Passive Project an image that will generate pity No special planning of Maslow Hierarchy	Optimistic Happy and healthy image Promote the need of Maslow Hierarchy

Translated from SU, Kuo-Jen, *Children Are Us: The NPO Experience of Taiwan*. Kaohsiung: Children Are Us Foundation, 2002, p. 132.

The idea of this “Paradigm Shift” as extolled by CAUF is actually being followed by more and more NPOs, albeit in different forms and under different names, in their efforts to improve their efficiency in providing social services through the incorporation of business techniques and principles.

4.2.2. Professional skills and expertise

Social entrepreneurship often calls upon NPOs to display skills or possess techniques that they sometimes do not have. This is especially true if the organization decides to start an enterprise that, even though it can help achieve the social mission, is far removed from the original area of expertise of the NPO.

4.2.2.1 Issues

- Lack of business competencies

If a NPO wants to develop a specific product, service or venture, professional expertise will be needed. If it decides to set up an enterprise, a capable business administrator will be needed. How to seek expertise and attract as well as retain professionals when a NPO's resources are limited and it cannot offer the same salaries or benefits as for-profit businesses is a recurring dilemma. And even if a professional business manager can be found, this manager and the other employees of the NPO will have to undergo a sometimes painful adaptation process. Our interviewee at the Garden of Hope Foundation rightly pointed to the fact that for a manager used to a business environment where top-down relations, clear goals and an emphasis on high efficiency are valued, the NPO environment which values equal relations, team work and puts an emphasis on people will inevitably be rather difficult to adapt to. Another interviewee at Sunshine Foundation mentioned that the difficulties of the adaptation process also had to be shared by the program staff, which must be willing to change their mentalities and be willing to strengthen their business concept, otherwise there will always be a communication gap.

- Working with unskilled and disadvantaged labor

Apart from the issue of acquiring professional skills and expertise, our interviews with NPOs operating sheltered workshop-type ventures showed that these organizations face another very specific challenge, that of a disadvantaged and unskilled labor pool. The core mission of these SE ventures is to provide employment opportunities for special employees that other enterprises would not normally hire, as well as to create a work environment that is conducive to these employees' development and that takes into consideration their special needs or limitations. These employees sometimes lack hard skills such as reading and math abilities, the capacity to understand directions, solve problems and exercise judgment, and they sometimes also lack soft skills like emotional intelligence, social skills, the ability to handle frustration or manage anger. The SE venture can train these people and then help them move on to other jobs in the regular, more competitive job market.

From a pure business perspective emphasizing cost control, rapidity and efficiency, ventures employing special employees have a harder time remaining competitive first because the employees have a lower level of productivity, and second because the venture will have to invest extra time and effort in training as well as in monitoring the development of the employees and managing their emotional state. For

example, the Garden of Hope Foundation used to operate a small restaurant, which employed youths that had escaped an abusive family environment. The restaurant was like a shelter for these children because it provided a safe work environment by preventing that they fall prey to criminality or prostitution, and it also encouraged the youths to progressively reestablish contact with society and regain confidence in people. From outside, the restaurant and its staff looked like any other. However, the restaurant manager and the social workers had to constantly worry about the emotional and psychological development of the youths who were emotionally scarred and whose past experiences had “handicapped” them in dealing with regular social interaction. As such, the interests of these youths were often put before other business considerations. Another example is that of the SE ventures employing mentally handicapped people, such as the ones established by Children Are Us Foundation, The First Social Welfare Foundation, Yucheng Foundation and Syinlu Foundation. Mentally handicapped people, depending on the degree of their handicap, generally cannot accomplish complicated work that requires complex skills, judgment or analysis ability. More time is needed to train them and they also require supervision by teachers or social workers, which not only means that productivity is limited, but also that personnel costs are higher because more people are needed to do the job.

4.2.2.2. Strategies

- Hiring professionals

When professional expertise and knowledge is needed, NPOs sometimes have no other choice than to hire managers or other specialists, and give them salaries and benefits comparable to those offered in for-profit businesses. These people may believe in the venture’s mission and be willing to take on the challenge but they also expect to be rewarded accordingly. As previously mentioned, Syinlu Foundation has hired a professional gas station manager to guarantee that the station’s management standards are the same as other for-profit stations, and the foundation was willing to give him market-rate salary. Similarly, Children Are Us bakeries pay market-rate wages to employ professional chefs that have the know-how to develop products whose quality and variety can compete in the baked good market. These chefs can then pass on their techniques to the bakeries’ special employees.

- Forging partnerships with the business sector

Obtaining the know-how to establish and operate a specific venture can also be done by seeking help or forging partnerships with for-profit businesses in a similar field. The for-profit business can contribute by sending its staff as volunteers to help in areas like business planning or technical consulting, while it can also welcome NPO staff to conduct on-site training. For example, when the Garden of Hope Foundation decided to start operating its restaurant, it sent its social workers who would be in charge of restaurant operations to receive training at a hotel restaurant. The social workers, after having undergone training, brought back the know-how and in turn trained the young employees.

- **Employee training**

During our meeting with Sunshine Foundation, our interviewee pointed out that it is crucial for NPOs to invest in training for its employees to strengthen their overall management capacities and their ability to integrate business principles in nonprofit work. Training classes specifically designed for NPOs have grown in number over the past few years, and this reflects a trend in the third sector to put increasing value in professionalism and strengthen their capacities. The business or management skills that NPO employees do not have, but that are crucial to engage in social entrepreneurship, can also be acquired through different training opportunities provided by universities, government agencies and even some NPOs. For example, the Council of Labor Affairs entrusts some NPOs to conduct training classes specifically designed for organizations that have established sheltered workshops for the disabled, and that address training needs in areas such as strategic planning, sheltered workshop management and product marketing. Furthermore, NPO senior managers can now enroll in a NPO EMBA program at National Cheng-Chi University, whose classes emphasize cross-sector exchange and integration of knowledge, as well as exchange between NPO managers and specialists in business management. This trend in cross-sector training can have a beneficial impact for organizations engaged in social entrepreneurship.

- **Develop tools and techniques to compensate for physical and psychological limitations of special employees**

Because of the particular challenge inherent to the nature of the mission of the sheltered workshop model itself, NPOs have no choice but to deal with it the best way they can. One possibility would be to balance the workforce to include “regular” employees but most of the organizations interviewed shunned this possibility as they feel it would dilute their original mission. Another more feasible possibility is to retain some of the experienced employees of the venture to work alongside new recruits. Since these sheltered workshop-type ventures hope to allow their special employees to reintegrate mainstream society, some NPOs tend to immediately send out employees into the regular job market after training, with the result that NPOs end up having to constantly train new recruits. This “drain of expertise and skills” can take its toll on the venture which already is disadvantaged when compared to regular for-profit businesses. Hence, by keeping some of its senior special employees, the venture can maintain a certain level of productivity and cut down on costs, in terms of time and money, linked to training.

In order to facilitate the acquisition of skills by special employees, NPOs like Sunshine Foundation and Syinlu Foundation, which both operate gas stations, have developed a process where all the gas station work has been broken down into specific tasks, which have been analyzed to determine what abilities are required to carry them out. Then, employees are assigned to tasks that their degree of handicap will allow them to carry out. In the case of the Syinlu gas station, because it employs mentally disabled people, tasks have also been organized into a precise order, where employees must learn and follow each step, as this guarantees that work is carried smoothly and without any mistakes.

4.2.3. Business planning and strategy development

SE ventures, despite their particular social mission-driven nature stemming from their affiliation to a nonprofit organization, are still quite like other businesses in that they are, whether the NPO likes it or not, integrated in a market where they must face competition from other NPOs, other similar businesses and in certain circumstances, even the government. A business model that seems to work for one organization might not be as successful if it is replicated by another NPO because the timing is different, the outside environment may have changed and the organization itself is equipped differently.

4.2.3.1. Issues

- Lack of planning and research prior to setting up the SE venture

A common pitfall for NPOs is that they sometimes fail to understand what they are getting into. Variations of the sentence “At first, we didn’t expect it would be this complicated” were often heard during our interviews, which reveal some gaps in the planning process conducted by some organizations before starting their SE venture, gaps that might be explained by the fact that concern for the welfare of the organization’s beneficiaries sometimes clouds the all too real challenges that come with operating a business. Common problems raised in the interviews include setting up a business without truly considering factors from the outside environment that will have a direct impact on operations and performance like competition from other similar businesses, the location of the business, as well as the state of the market for the product or service. Other times, organizations underestimate altogether the complexity of the business venture and the level of technical difficulty, as well as the level of effort needed to run the venture.

4.2.3.2 Strategies

- Thorough research, planning and evaluation

As such, thorough business planning is necessary, but it is a skill that NPOs often lack and that is quite different from the planning entailed by regular NPO projects for programs and services. When a NPO decides to launch a venture, it is necessary that it understands the market by identifying who are the competitors, what the market for the specific product or service looks like, as well as by understanding who are the customers, what they want and how much they are willing to pay. The NPO should also understand itself as an organization which has strengths and weaknesses, and assess, by also considering market factors, whether it has the capacity and the resources to operate the venture to meet both mission and financial goals.

Brinckerhoff (2000) suggests that NPOs wanting to launch a venture should first review the

organization's mission and evaluate whether the venture is consistent with the mission. Second, NPOs should assess how much risk is involved. Third, estimates should be made on what will be the return on investment (ROI) for the organization in terms of its financial and mission goals. Fourth, the organization should conduct a feasibility study to see whether it has the capacity, resources and expertise to provide services or make products that will be competitive in the market, correspond to what consumers want and at the same time meet the financial and mission goals. Lastly, the organization will draw up a business plan which will focus on the details of the business, how it is structured, how it will operate, in what market will it be inscribed, what will be its marketing and financial plans, etc. Brinckerhoff goes on to explain that this planning process can force the NPO to look objectively and less emotionally at the business project, which is useful to minimize risk and also prepare the organization to face the business challenges open-eyed. At the end of the planning process, the NPO should have an operating tool, the business plan, that will guide the management of the venture by preventing it from straying into too many directions, and that will facilitate communication with the different actors in the venture.

Our interviewee at Sunshine Foundation also emphasized the importance of business planning for the success of a SE venture, for reasons similar to those cited by Brinckerhoff, by mentioning that the business plan was like a "point de repère" that prepared the NPO to face competition and adapt to change, as well as guarantee that the organization sticks with its mission and not stray from it despite changes in the enterprise itself or in the outside environment. Our interviewee mentioned that in the case of the car wash operated by Sunshine Foundation, market research and planning started in 1988, while the car wash officially opened in 1990. At that time, the idea of NPOs operating a sheltered workshop, or engaging in any income-generating venture for that matter, was still rather new, both for NPOs themselves and for the government. The NPO sector lacked the specific knowledge and expertise, there were practically no government subsidies and the general legal framework was ill-adapted to guide NPOs through this kind of endeavor. Setting up a sheltered workshop that would compete within the market to provide work for the beneficiaries of a NPO was, at the time, something that was going against the grain of the traditional model of operation and development of NPOs.

Planning for the venture started in 1988, with the Sunshine Foundation choosing to operate a manual car wash because it required a smaller investment, but also because some of the beneficiaries were already familiar with the car wash industry and had basic expertise, and the manual work was seen as a form of exercise therapy that would be beneficial to facilitate the healing of scars and prevent the hardening of skin and muscles that would result in a permanent loss of dexterity. The Foundation chose the location in an area of Taipei city with a large concentration of car wash where residents usually went to get their car washed. Unfortunately, by the time the car wash was ready to open in 1990, major changes had occurred that forced the Foundation to review its plan. First, the original location chosen for the car wash had been transformed into a public park so Sunshine had to do more research to identify another location with

high-density traffic. Second, in a lapse of two years, manual car wash had been supplanted by mechanical car wash, which meant that not only was the therapeutic value of the car wash somewhat lost, but also it meant that Sunshine would have to invest more money for the purchase of equipment. However, by having a coherent business plan, Sunshine Foundation was able to face these changes and adapt in a way that would not jeopardize the original mission of the venture.

- **Striving to understanding changes in the business environment**

However, after the initial planning is done and the income-generating venture has been established, the environment still continues to change and evolve with the arrival of new competitors in the market, newer products or services that can outsell those provided by the NPO, newer technologies that give businesses who use them a competitive edge, changes in consumer tastes, or general transformation of the economic situation. The continuous challenge which NPOs must face is how to remain competitive in the market.

One example which can highlight how income-generating ventures are highly involved in a shifting environment is that of the car wash and recycling center operated by Yucheng Foundation and employing mentally disabled people. Our interview with Yucheng Foundation revealed how these two businesses have faced challenges in the past years due to the current economic recession. The good economy had been a protection for these businesses, which became “niches” for handicapped employment because people with no disabilities tend to seek higher-wage jobs that are less labor-intensive. However, the economic recession has meant higher unemployment rates, with people unable to find white collar jobs and thus turning to labor-intensive jobs. The car wash and recycling industries have seen an influx of people. This has meant that Yucheng must compete with for-profit businesses, and the mentally handicapped people trained by Yucheng have a harder time finding jobs in the regular job market saturated by people trying to escape unemployment. The ventures operated by the Foundation can no longer be operated like “social welfare services” and must instead strive for profitability and self-sufficiency. The puzzle for Yucheng is now to find solutions to remain competitive.

Competition is something NPOs are traditionally not used to but is a fact that they must now face: government subsidies decline and are often “transformed” into open bids for projects in which NPOs compete with businesses, while products or services provided by NPOs must compete in the market along with those provided by the business sector. NPOs are increasingly asked to cultivate the ability to adapt, remain competitive and be creative. They are also asked to know better their market. During our interviews, some organizations particularly emphasized this point with concrete examples from their own income-generating ventures. For example, during the 1990’s, the Sunshine Foundation’s Hoping car wash center grew to become one of the most profitable car wash center in Taiwan (Chen, 2003:5). However, at the start of the new millennium, the car wash faced a crisis. First, the general car wash industry entered a difficult period, with almost 60% to 70% of mechanical car wash centers in Taiwan

closing down between the years 2000 and 2002. Second, the Hoping car wash itself saw a diminution of profits, while it had to address the problems of an ageing workforce and mechanical equipment becoming outdated (Chen, 2003:5). To address these problems, the Foundation came up with two strategies. First, it developed special car care services that have a higher return rate and that require more manual work, thus providing work to more disabled people and allowing to better allocate work according to their level of disability. Second, the Foundation entered a strategic alliance with gas stations, thus following the growing trend for gas stations to have a car wash service (to the detriment of independent car wash centers). Hence, in 1998, the Foundation opened the Bei Hsing station as a strategic alliance with the China Petroleum Corporation. This form of alliance has not only allowed employees to work within the context of a real business environment and thus become better acquainted with its workings, but it has also permitted employees with seniority within the Hoping car wash center to have access to higher responsibilities.

Another example is that of the Eden Foundation. When the Foundation started providing vocational training for physically handicapped people some twenty years ago, the general trend was to focus on manual labor or work requiring a lower level of skills like shoe repair or watch repair. Later on, the Foundation, sensing the growing importance of computer technology not just has necessary skills for workers but also as a new market to develop, set up vocational training classes for data key-in and computer type-setting. Data key-in and computer type-setting became part of services for which the Foundation perceived fees. However, innovations in technology increasingly facilitate the use of computer and now, many tasks can be easily done on one's own PC. Hence, in order to stay ahead, follow changes in the demand and keep pace with technological advances, the Foundation has started to focus on programming. This ensures that the venture remains relevant and that the handicapped workforce has the skills needed in the job market.

Another example is that of Tsuei Mama Foundation, which had to adapt to newer technologies and also face structural changes in the market. Information technology rapidly developed in the 1990's and the Foundation integrated IT in its operations to retain its competitive edge at a much earlier time than most Taiwan NPOs. In 1996, Tsuei Mama computerized its housing information system by setting up a website, thus making it easier to collect and disseminate information about apartments for rent, as well as reducing costs and facilitating maintenance. However, the development of Internet also meant the emergence of other new commercial housing information websites. These new competitors provided housing information platforms for free but lacked the supervision, selection process and management of information that characterized the paying service of Tsuei Mama. To adapt to fiercer competition in the market, Tsuei Mama had to emphasize the particularity and uniqueness of its services by guaranteeing that the housing information on the website was posted by the actual landlords, by providing legal information for tenants and by providing services for disadvantaged people and students.

Despite integrating IT to its operations, the foundation still had to face structural changes in the housing market brought about by economic downturn in 2000. Before 2000, demand for housing exceeded the offer. However, after 2000, the situation was reversed in part because of lower interest rates and government subsidies which facilitated the purchase of their own home by people who used to rent apartments, and in part because tenants in Taipei city started to “migrate” back to other cities or counties, and even to Mainland China due to the changing employment landscape. Landlords who in the past mostly relied on the services of Tsuei Mama now chose to use the services of many more housing agencies to ensure that they find a tenant. Tsuei Mama felt the tide changing but fortunately, it had in the meantime branched out into another area of housing-related service with its moving company evaluation service, which is also a source of income for the foundation. During our meeting, our interviewee hinted to the importance for a NPO to retain its competitive edge in the market by keeping a close eye on trends and preparing the next service to develop by explaining that although the moving evaluation service is still competitive and profitable (there are not yet any major financial incentives to attract other for-profit businesses in this field) and Tsuei Mama provides other distinctive services unavailable from other for-profit businesses, the foundation is hoping to create a new niche for itself in the flea market/second hand store business, which is still rather underdeveloped and can easily be tied to other housing services already in place. Hence, if Tsuei Mama has to meet other challenges stemming from changes in the outside environment or from major organizational transformations, it has another channel on which it can fall back on and can continue to pursue both social mission and financial sustainability.

4.2.4. Funding

4.2.4.1. Issues

- Limited choice of funding possibilities for SE ventures

A recurrent issue in the interviews conducted with Taiwan NPOs regarded funding, or more specifically the lack of funding. Evidently, funding difficulties faced by NPOs wanting to start income-generating activities vary from one model to another: funding is perhaps less a problem if the venture sprung out from already existent services than if it is a new, capital-intensive venture requiring the rental of space, purchase of equipment, etc. Actually, the choice of ventures available to NPOs is limited because these organizations usually do not have the initial funds to enter high profit margin (but capital-intensive) businesses. However, it wouldn't be entirely fair to say that there is no funding for Taiwan NPOs wanting to engage in SE.

4.2.4.2. Strategies

- Funding from the business sector

In the U.S., there has been in the past few years increased interest in what has been termed “venture philanthropy,” which is a philanthropic investment model that can support social enterprises because it:

“[...] combines the policies and practices of long-term, engaged investment and venture capital models of the for-profit sector with the principles and public-benefit missions of the nonprofit sector. Venture philanthropy strategies combine financial capital "investments" with some form of additional capacity-building or technical assistance to the nonprofits they support.”¹⁶

Under such a model, businesses or specially established venture funds “invest” in social enterprises established by NPOs by providing financial resources, by engaging in capacity-building, coaching, mentoring, technical assistance to the nonprofit on organizational development or even sitting on the nonprofit board. This high engagement form of philanthropy also means that the “investor” will seek measurable results and hold the nonprofits they support to agreed-upon benchmarks for success. Examples of philanthropic investment organizations include NESsT Venture Fund (active in Central Europe and Latin America), whose funds are provided by grant-making foundations, corporations and individual philanthropists, as well as the Roberts Enterprise Development Fund (with a portfolio of SE ventures in the U.S.), whose previous incarnation was the grant-making The Roberts Foundation. This type of philanthropic investment concept has yet to make headway in Taiwan, since, to begin with, there are few grant making foundations capable of establishing and supporting such philanthropic venture funds the way The Roberts Fund did. Also, local businesses tend to engage in a more traditional form of corporate philanthropy, where they form partnerships by mostly providing funding for NPO projects and, unlike venture philanthropists, do not become intensely involved in the social enterprise or the NPO’s operations.

One example of a successful NPO-business partnership where funding provided by a company has contributed to the growth of a social enterprise is the case of the Children Are Us bakeries. The first Children Are Us bakery opened in early 1997 and it had only been in operation for one month when CAUF received a visit that would profoundly influence the future development of their SE venture. In April 1997, Mr. Paul Ostergard, President of Citicorp Foundation, paid a visit to the Kaohsiung bakery and was utterly impressed not only by the concept of the bakery and the achievement of the youths working there, but also by the management model that CAUF had developed which integrated many business management techniques and concepts. Recognizing the importance of the mission of CAUF and acknowledging the foundation’s potential for development, Citicorp, through its financial institution Citibank in Taiwan, decided to partner with CAUF to help it develop and expand its bakeries. The company provided important financial support for the new bakery, which opened in Kaohsiung in October 1997.

Up until then, CAUF had been a local foundation whose services and SE ventures were limited to the

¹⁶ <http://www.nesst.org/faq.asp>

Kaohsiung area. However, under the impulse and support of Citibank whose headquarters are in Taipei, CAUF made the move to expand its activities to the Taipei city area. This decision was at first widely debated among board members who were worried that a rapid expansion would overstretch the foundation's capacities and resources. However, it became evident that the precious support from Citibank, whose resources come from all over Taiwan, was an opportunity for CAUF to spread its philosophy and thus reach out to a greater number of mentally disabled youth. Hence, CAUF opened its first Taipei bakery on April 1998 and a second one in July 1998. Over time, the support of Citibank has also taken the form of assistance in setting up the Children Are Us website, as well as the promotion of the Children Are Us credit card (each time consumers use the credit card, Citibank donates a certain percentage of the amount of purchase to the foundation).

Another opportunity to expand came in 2001 when Ritek, an IT company based in the Hsinchu Science-based Industrial Park, proposed to CAUF that it becomes the company's supplier, providing the company's 3,300 employees with baked goods during special events or as snacks. CAUF had already been thinking about establishing a new work station in central Taiwan and the Hsinchu location with its many IT companies offered much potential. Thanks to a donation of NT\$3,500,000, the first bakery-restaurant opened in Hsinchu in May 2001 while a second bakery opened later in July 2001.

The donations of both Citibank and Ritek, as well as the modalities of their partnership with CAUF do not really correspond to venture philanthropy, but they nonetheless have contributed to the rapid development of the SE ventures of CAUF, which now has a total of 15 bakeries and restaurants. The expansion of CAUF facilitated by the support of Citibank and Ritek were not limited to the business ventures but were also combined with an expansion of the social welfare services. When CAUF moved to Taipei and Hsinchu, it had to set up a work station in each city and build up a service and care system for the handicapped in these areas. It can be said that the kind of unwavering support that CAUF has received from companies, as well as the strong partnership forged between them are rather special, and there are few similar high-profile examples in Taiwan that have attracted so much attention.

- **Funding from the government**

Although NPO-business partnership to support the development of SE is a trend that should be further encouraged, interestingly, our interviews with other NPOs have shown that government support is not negligible. This belied our initial assumption that government support for social entrepreneurship was deficient.

As the trend of NPOs to use entrepreneurial methods to achieve their mission has grown, the way the government supports NPOs has also adapted with program incentives in many areas that encourage NPOs to use entrepreneurial methods to assist the government in implementing policies and answering social needs. The government, sensing the growing importance of NPOs, has over the years been

increasingly relying on the third sector to carry out some of its policies. This is evident with the community-oriented welfare approach of the government which contracts out direct social welfare service programs to qualified associations and foundations. Other programs of the government, both at the central and local levels, have contributed to the development of social enterprise (or at least entrepreneurial models) among NPOs, especially in regard to issues of employment and community empowerment, by providing subsidies and other relevant incentives.

a) Social welfare: job creation for the disabled and other disadvantaged groups:

For example, to address the growing issue of unemployment, the Council of Labor Affairs has been promoting the “Development of Diversified Employment Opportunities” project targeting 45 to 65 year old unemployed workers, single mothers, disabled people and aborigines. These are segments of the population that are hardest hit by the unemployment problem and that are usually disadvantaged in the regular job market.¹⁷ This project calls upon NPOs to devise sustainable employment schemes in local communities that not only can generate income for those employed and encourage local production, but that can also have a positive impact by improving the living environment of residents in the community.

Another example are the “Rules of Establishment of Shelter Factories and Rewards for the Handicapped” promulgated by the Bureau of Employment and Vocational Training of the Council of Labor Affairs of the Executive Yuan.¹⁸ This law passed in December 2002 encourages the creation by NPOs of sheltered work environment for disabled people by providing government financial subsidies or other type of assistance. “Sheltered factories” refer to factories, stores, farms or other work stations set up in local communities that, apart from providing disabled people with vocational skills, also encourage their social adjustment and integration in the community. Governments at the local level (city and county level) have to set up special employment funds to promote the development of employment opportunities for the disabled. The creation of such funds by local governments is required according to Chapter 4, article 36 of the “Physically and Mentally Disabled Citizens Protection Law” promulgated in 1997:

“[...] the competent authorities in charge of labor in municipalities under the direct jurisdiction of the central government or counties (cities) shall open an exclusive account of the employment fund for the disabled to save the returned subsidies, and, in addition to subsidizing the authorities or institutions employing the disabled in accordance with this Law, shall use this amount to improve the employment rights and interests of the disabled. [...]”¹⁹

b) Community empowerment: local job creation and community revitalization:

Another area in which government policy-makers have given importance to the participation of NPOs

¹⁷ <http://www.ejob.gov.tw/ejob/service/diversity/diversity1.php> (in Chinese)

¹⁸ <http://www.evta.gov.tw/english/lawevta.files/lawevta23.htm> (in Chinese and English)

and where these organizations have latitude to implement social entrepreneurship-related activities is community empowerment. In the United States, other words such as “community building,” “community development” or “community management and development” are often used to refer to the concept of community empowerment, which is referred to in Taiwan as *shequ yingzao*. The term, which was put forth by the Council of Cultural Affairs, combines the concept of management (*jingying*) and innovation or creativity (*chuangzao*): community empowerment is not just about managing the community but it is also about using innovative and creative means to spur its cultural, social and economic development. “Community empowerment” refers to comprehensive efforts initiated at the grassroots/local level to develop the community not just in terms of economic regeneration, but also in terms of improved living environment, empowerment of local citizens, increased public participation, development of local products or industries, as well as enhanced awareness of local cultural identity.

Community empowerment is characterized by local action initiated at the grassroots level, where citizens and other civil society actors assemble their strength to not only administer their community but also reinvent it and increase its capacities:

“To increase capacity of a community is to increase its ability to do things for itself. It is more than just adding some communal services or facilities like roads, sanitation, water, access to education and health care. It means increased ability and strength. It means more skills, more confidence, and more effective organization. It can not come about by charity or donation of resources from outside. It can be facilitated through action such as community projects, but only when all community members become involved from the beginning, to decide upon a community action, to identify hidden resources from within the community, and by developing a sense of ownership and responsibility of communal facilities from the start to the finish.”²⁰

Community empowerment as it is understood and practiced in Taiwan goes much deeper than simply building infrastructures because it tries to have an impact on the actual social fabric of the community, which is not merely determined by geographical or administrative factors but is instead determined by an interpersonal human network. As such, one crucial aspect of community empowerment focuses on guiding the community in rediscovering its human network, as well as its history and its own characteristics that lay hidden or have gone unnoticed because they are already such an integral part of people’s lives that they are taken for granted.

Taiwan has undergone for the past 30 years an urbanization process that has widened the gap between

¹⁹ http://volnet.moi.gov.tw/sowf/05/06_01-1.htm

²⁰ <http://www.scn.org/cmp/key/key-c.htm>

urban and rural communities, with new industries and employment opportunities being created in the city while the situation in rural areas seems at a stand still, resulting in the migration of young people towards urban centers. In the past, the response of the government had been to plan and inject money into large infrastructure projects but such a strategy failed to address the roots of the problem and rural communities started to progressively lose their character to become more and more like small cities. Similarly, the passage from rural to urban society has transformed interaction between people, resulting in the loosening of the social fabric and the growing distance between people.

As the top-down approach of the government didn't seem to produce satisfactory results, individuals, resident committees, associations and even foundations started to become involved in community empowerment work, formulating projects to emphasize the distinctiveness of communities and to develop industries that build upon local resources, local workforce and local characteristics. Now, many government departments provide funding for projects that are proposed by communities themselves and community empowerment has become an important focus of public policies both at the central and local government levels. Community empowerment has been included into many important projects implemented by the Taiwan central government, like the "2008 Challenge for New Homeland Community Empowerment Project," which includes government agencies like the Council of Cultural Affairs, the Council of Agriculture, the Ministry of the Interior and the Construction and Planning Administration, to name but a few. Under such schemes, local organizations can apply for subsidies from the government to implement projects.

c) The downside of government support:

In all, NPOs are more and more encouraged by the government to participate in areas that have traditionally been considered its responsibility, like social welfare, employment or economic development. The subsidies and incentives given by the government through some specific programs tend to encourage NPOs to use business models, not only to answer very specific social needs, but also to create value at a broader social level. However, government support can be a mixed blessing if it is limited to providing subsidies for business development but there are no other infrastructures in place to help NPOs address other more complex problems that directly impact the sustainability of the venture. For example, government subsidies for sheltered workshops have spurred the creation of such businesses by NPOs, but the money has not necessarily helped to raise the sensitivity of these organizations to the intricacies of operating for-profit businesses, nor have these organizations necessarily gained a sense of the necessity to have an appropriate performance evaluation system to follow market changes.

Subsidies will often go towards the purchase of equipment, the salaries of specialized staff or the rent for the business venture, which usually represent the biggest part of the financial burden of a NPO operating such workshops. Government tends to subsidize "hardware," which NPOs evidently need, but it seems that little assistance is given towards strengthening the business management abilities of NPOs. Some

SE ventures operated by NPOs that do not have the ability to break even or make profits will end up relying too much on government funding to the point where if the money stops, the future of the business will be threatened. Hence, one of our interviewee justly suggested that the government, apart from providing financial aid, should also provide technical assistance in the form of consulting. Our interviewee pointed to the fact that the government already had strategies in place to assist the development of small and medium size enterprises and that system of “business incubators” or related consulting services could be used to help NPOs solve the problems they commonly encounter in operating a business.

4.2.5. Products and services development

In developing income-generating activities, NPOs may choose to get paid for what they are already doing (like Tsuei Mama Foundation charging fees for the housing information service), launch a new business (the way social welfare foundations in this study have done to create sheltered workshops for the disabled), or build revenue relationships through methods like cause-related marketing, joint ventures or licensing agreements. No matter which method is chosen, the product (or service) is crucial for the success of the income-generating activity.

4.2.5.1. Issues

In our discussion with NPO representatives, some interviewees pointed to common mistakes made by NPOs in developing their products or services:

- Mistake needs for wants

NPOs come up with products or services that are divorced from the reality of the market and what consumers want, when in fact, a NPO should produce things valued enough by its external environment to generate the resources needed for organizational survival, growth, and mission accomplishment.

- Underestimate the costs and efforts

NPOs often tend to underestimate the costs and efforts involved in producing products or providing services, which entail problems of productivity. Because of their limited size and financial capacity, NPOs often have difficulty maintaining a level of production similar to other for-profit businesses.

- Rely on their nonprofit status as their competitive advantage

Some NPOs go into business with the erroneous belief that, no matter the quality and pricing, customers will buy the product or purchase the service because it is a way to support a charitable cause. This is an erroneous belief that can jeopardize the business venture of the NPO.

4.2.5.2. Strategies

Through the interviews, some NPO representatives proposed ways to curb the above mentioned problems.

- Carry out marketing efforts

First, in order to fill the gap between what the NPO offers and what customers want, there is no other way but to pay attention to the market. By market, this does not just refer to the regular clients of the NPO but also to customers from the general public. In our interview with the Garden of Hope, our respondent highlighted this fact by saying that in an income-generating venture, it is not just about what the NPO think is right or what it thinks will benefit its clients, but most importantly, it is about situating the venture in the broader market and evaluating whether what the NPO is doing is indeed needed. Although they do not have the same resources as for-profit companies to conduct vast market research by using the services of PR companies, NPOs can still gather the data they need by talking to their customers to hear about their suggestions or complaints, as well as by conducting small customer surveys. This is a method that has been used by Children Are Us Foundation in its bakeries to identify the taste of its customers, which varies if between customers in Taipei and Kaohsiung, and thus better position its products.

- Build on core competencies

Second, in order to avoid NPOs overstressing themselves by underestimating the costs and efforts involved in the production of products or the provision of service, some of our interviewees suggested that the organization develop its earned-income strategy from its core competencies or already existing “assets,” and by using already available knowledge and resources. For example, the Society of Wilderness charges a small fee for participants in its nature observation trips. Also, in the course of these excursions or other projects, SOW members have gathered numerous photos and other documents, as well as precious experience which can be collected, organized and then used to produce books, cards, calendars, which not only provide a source of income for the association, but also promote SOW and its ideal of preserving nature.

- Find one’s niche and distinctiveness

Finally, NPOs should emphasize the particularity of their products and services to distinguish them from other commercial products. Only relying on one’s core competencies is not enough, as these competencies, although important to the organization, can easily be reproduced by other NPOs. How to distinguish oneself from the competition is a recurring issue for any business, for-profit or nonprofit alike. However, NPOs who use “charity” to mark their difference from other for-profit businesses are playing with a double-edged sword. The nonprofit status of a NPO indeed may bring some advantages such as gaining more easily the trust of the public or benefiting from more media reports than regular for-profit businesses. However, “charity” may work once to attract customers but if the product or service is not up

to market standards in terms of quality or pricing, or if it is simply not what customers want, the fact is that customers will not come back, no matter how touching or worthwhile the social mission of the NPO is.

a) The example of Tsuei Mama Foundation:

In the section about business planning and strategy development, we mentioned the experience of Tsuei Mama Foundation which faced growing competition from commercial housing information websites providing free services and how the foundation responded by emphasizing the quality, accuracy and security of the information it provided (something that commercial websites could not do), as well as by developing closely related but highly specialized services such as legal advice and moving company evaluation. The key word for Tsuei Mama's strategy was "added value": it gave something extra to the client that other free commercial websites could not. That is to say, NPOs must also cultivate their distinctive competencies, which clearly distinguish the organization from others and are not easily replicable.

b) The example of Eden Foundation:

Generally speaking, NPOs have a limited production capacity and can difficultly compete with for-profit businesses in terms of quantity, as well as quality-cost ratio. This is a bottleneck that the Eden Foundation met with its sowing class set up in Nantou County after the 921 Earthquake. In order to provide work opportunities for local people, especially those left disabled after the disaster, Eden set up a workshop where participants produced hand-made articles such as shopping bags. However, the foundation quickly realized that these articles could be easily produced in huge numbers and at lower cost in factories. Unable to compete with factories which have more sophisticated equipment and pay lower wages to their employees, Eden changed its strategy to start producing articles that emphasized creativity and that could not be mass-reproduced. The workshop started to use second-hand clothes that were modified and redesigned into original clothing not found anywhere else. The size of production was smaller but profit margin was bigger, with pieces of clothing selling for NT\$3,000. The key word for Eden's strategy was "uniqueness": instead of going head-on with competitors it knew it did not have the means to compete with, Eden instead emphasized creativity and uniqueness to create a niche market for itself.

c) The example of Jenju Community Development Association:

A similar strategy combining an emphasis on uniqueness with a concern for local characteristics has also been adopted by the Jenju Community Development Association. Part of the success of the community empowerment work lays in the fact that, despite the apparent weakness of Jenju which seemed to have little working in its favor, the Association has been able to identify what makes the distinctiveness of the community, its strength and its available resources and build upon this to create products, services or activities with a distinct local coloring that makes them unique. This pursuit of "uniqueness" is a definite

trademark of the Association. Another reason for the success of Jenju has been that everything, from the industries created to the activities organized, remains at a “human” level, which is in line with the Association’s mission to encourage harmonious interpersonal relations. Hence, straw handicrafts and kites are a rather small production of artistic type emphasizing the uniqueness and artistic value of each piece. What is valued is the actual creation process which can have a psychotherapeutic function by allowing residents with practically no art education to express their inner feelings through creation, thus improving their outlook on life and improving the general social atmosphere of the community. Similarly, visitors who come to Jenju to experience kite or mask DIY can actually have the feeling of participating in the culture of Jenju, and this feeling can be strengthened if they stay in the homes of local residents. In all, these activities, whether they generate income or not, all contribute to make Jenju a more open community by encouraging personal expression and interaction with others.

4.2.6. Promotion, advertising and sales

After a NPO has developed the idea for its income-generating activity, resolved the resistance of people inside the organization towards generated income, overcome the hurdles of finding competent people to handle the project, chosen a product (or a service), evaluated its viability in the market, developed it and produced it, the next logical step is, of course, to sell it.

4.2.6.1. Issues

- Lack of funds to invest in advertising and promotion

NPOs generally do not dispose of huge sums of money to invest in advertisement like for-profit businesses do. Even if they did, they would most probably be criticized for doing so, as the general public would justly expect that money be used towards nonprofit programs and services.

- Lack of appropriate channels for product or service distribution

Furthermore, NPOs do not necessarily have access to regular commercial distribution channels, either because these channels require appreciable financial investment (like opening a store) or the specific product or service are simply not well suited for these channels. Our interviews with NPOs have shown that although these organizations do indeed face certain limitations, they have nonetheless developed many different sales strategies best adapted to their product, which rely on the organization’s specific strengths and acknowledge the organization’s actual capacities.

An example of how traditional channels, which work perfectly well for for-profit businesses, are sometimes not suited for NPO products is that of the GOH doll. Our interview with the Garden of Hope Foundation revealed that in the past, the foundation had tried to use the more traditional distribution channel of department stores to sell their Garden of Hope doll. This tactic resulted in poor sales because

the product and channel were not adapted to one another. When placed among other dolls with prettier features and attention-grabbing packaging, the Garden of Hope doll seemed lost. The doll could not attract the attention of customers because in this environment, it seemed out of context and became devoid of its educational function. Because it embodies the spirit and mission of GOH, the doll requires explanation to touch the people's heart. Hence, GOH stopped the department store experiment and instead promoted the doll by using the media. Like other NPOs, GOH often organizes press conferences or media campaigns which can become an occasion to present the doll. Under such circumstances, the connection between the product and the message is more evident and powerful.

4.2.6.2. Strategies

In the past few years, NPOs have become increasingly skillful in using media or other public activities like conferences to conduct social marketing, and these events can become opportunities to also promote their products and services. However, NPOs should be careful not to over do it and find a careful balance between social message and promotion.

- Retail

Our interviews have highlighted the fact that NPOs can either follow the "retail" route to sell their products, namely by opening a store with employees selling directly to the public, or instead follow other sales channels that do not require the NPO to open a retail point. The NPOs interviewed that use retail to sell their products or services are the social welfare foundations, which operate competitive sheltered workshops such as the Sunshine Foundation (car wash, MRT stores, gas station), Yucheng Foundation (car wash, restaurant), the First Social Welfare Foundation (bakery), the Syinlu Foundation (cleaning stores, car wash and restaurant), as well as the Children Are Us Foundation (bakeries and restaurants). The nature and social purpose of these business ventures require storefront operations handled by clerks, which directly interact with customers. However, these are capital-intensive businesses that require a sizable initial investment, not to mention future expenses to maintain equipment, etc. It also implies that the NPO must conduct careful planning to determine what would be the best location for the business, it must prepare its employees for direct interaction with customers and thus teach them the basics of customer service, and so on. Hence, this sales method, although necessary due to the type of business, is very demanding.

- Use the NPO's own networks and internal channels

However, there exist less capital-intensive methods to promote and sell NPO products and services. NPOs originally have their own networks or channels which they can call upon when it is time to promote or distribute their products: individual or organizational members, donors, beneficiaries, and so on. The people composing these networks are already familiar with the organization, and generally speaking, they identify with the organization's mission and its work. Not only do they represent a pool of

customers, but they can also become “sales representatives.” A case in point is the members of the Society of Wilderness, which number close to 8,000 across Taiwan. In our interview, SOW’s representative explained how the organization designs campaigns that tap the potential contained in the numerous members to not only raise more funds but most importantly, to convey SOW’s environmental message. For example, the 2003 calendar sale called upon each member to sell five calendars. Members could sell the calendars to family and friends, or they could also buy the calendars themselves and then offer them as gifts. This simple yet very efficient idea helped SOW sell 15,000 calendars and raise NT\$1,000,000, but it also meant that through one member, SOW reached out to five non-members who are now more familiar with SOW’s work. Another example of their member-based strategy is used for the sale of SOW books. Books bought directly through SOW generate greater profit for the organization but this method does little for the visibility of the association. Knowing that bookstores all have in-house rankings of the best selling books, the association encourages its members to buy the books in the bookstores so that SOW books make the ranking. Although SOW gets less profit from this method, they feel it is still worthwhile because the association achieves greater visibility and can thus reach out to a public much wider than its original members.

- **Partnership with businesses**

Another method used by NPOs to promote and distribute their products to an even wider public is to partner with the business sector. NPO-business partnerships for cause-related marketing has grown, as it is seen by the business sector as another way to do philanthropy, and some businesses specifically put their promotion channel at the disposal of NPOs to help them spread their message. One example in Taiwan is that of the convenience store chain 7-11, which has some 3,000 stores across Taiwan. 7-11 often helps NPOs by designing and producing DMs, and then distributing them in its chain stores. Our interviewees at the Garden of Hope and Tsuei Mama Foundation mentioned that they have used this method in the past to promote the GOH doll and the moving evaluation service, respectively. Businesses can also help NPOs distribute their products, as in the case of the therapeutic and rehabilitation articles produced by Eden Foundation which are sold in specialized stores across Taiwan, or with the pressure garment production of Sunshine Foundation, which now rests on a partnership with hospitals.

4.3. Benefits of social entrepreneurship

Our interviews with Taiwan NPOs have highlighted the difficulties that these organizations face in engaging in income-generating activities. These difficulties, on one hand, stem from the often uneasy process of integrating business principles, modes of operations and ways of thinking inside a nonprofit organization, while on the other hand, they are also created by the fact that, to begin with, NPOs are not necessarily advantaged (financially, technically or in terms of human resource) to compete in the for-profit market and must make up for these gaps. However, our interviews have also shown that NPOs are developing strategies to address these difficulties for the simple reason that social entrepreneurship,

as a mean to diversify income and fulfill the organization's social mission, has become an unavoidable trend in the NPO sector, which will continue to grow and develop in the future. Operating an income-generating activity is not an easy task, it requires high investment of time and money, careful planning and evaluation, as well as the active involvement of the leadership of the organization (board members and managers alike) to muster the staff, and encourage them towards the pursuit of a common, well-defined goal. But despite the difficulties, NPOs interviewed have pointed out to the benefits of engaging in SE activities, which can have a positive impact on the organization itself, its beneficiaries and the general public.

- **SE has the potential to increase the financial autonomy and build the capacities of NPOs**

For a NPO, one obvious benefit of SE can be felt at the financial level, because a successful SE venture can generate profits that are returned to support the organization's services and programs. A well-managed venture can increase the financial autonomy of the NPO by diversifying its sources of income and ensuring that it is less vulnerable to changes in the outside environment. At the organizational level, SE can also have the beneficial effect of injecting new knowledge inside the organization with employees learning business and management concepts vital for the SE venture that can then be applied inside the organization's own programs and services. For example, the organization will start paying more attention to notions of service efficiency, cost effectiveness, customer relation and so on, as well as use the newly acquired business knowledge to expand and transform its existing services.

- **SE can empower the NPO's beneficiaries and transform society at large**

SE can also benefit the NPO's constituents, whether they are individual beneficiaries or the community at large. Many of the income-generating projects of the NPOs involved in this research have had a positive social impact, either on a specific group of people, on a specific market, or on a specific locality. An example of SE ventures having a profound impact on a specific group are the sheltered workshop-type ventures established by the Sunshine Foundation, Eden Foundation, Children Are Us Foundation, the First Social Welfare Foundation, Syinlu Foundation and Yucheng Foundation and that employ physically or mentally handicapped people. These businesses have an empowering effect because they allow disabled people to integrate mainstream society through work and they act as a stepping stone for the beneficiaries to enter the regular job market.

SE can also allow a NPO to achieve social transformation of a specific market, as is the case with Tsuei Mama Foundation. When the foundation started providing its rental information service, the market was highly unregulated and mostly monopolized by a handful of private rental agencies charging exorbitant prices. Tsuei Mama's rental information service distinguished itself because at its basis was the ideal that everyone has the right to have access to affordable housing: rental information was accurate, service fees were low, tenants had access to other related services such as legal information, etc. As the service

provided by Tsuei Mama grew in popularity, its share in the rental market for the Taipei metropolitan area grew to 15%. By using the tools and methods of the market, the foundation was thus able to influence the rules of the game, progressively improve the rental market and thus further pursue its mission of housing for all.

SE can also impact a community, with its people and living environment, as the example of the Jenju Community Development Association shows. The sale of handicrafts as income-generating activities to promote local culture, as well as the association's efforts to create local employment by promoting tourism through the creation of exhibition halls, a network of guesthouses, as well as setting up travel tours have contributed, on one hand, to strengthening the cultural identification of residents to their community, while at the same time, improve their living environment and create job opportunities. Apart from creating employment or income-generating opportunities for local residents, the community empowerment projects put forth by the Association have also meant more education and training opportunities for people with low level of schooling and who are sometimes unemployed. For these residents, to be able to create by themselves items that have an artistic value and that are appreciated by visitors from all over Taiwan can build their self-respect and open up new horizons. As such, social entrepreneurship as practiced by the Jenju Community Development Association has empowered residents both economically and emotionally by engaging people and by giving them back control over the development of their community's destiny. As such, their work reflects the definition of social entrepreneurship proposed by CAFO, which is viewed:

“[...] as a means of «democratizing the market» so as to assist marginalized communities in becoming effective market players. It is a way of humanizing globalization by harnessing the market's potentials to reduce poverty and serve the common good. CAFO claims the additional benefit of SE is that it can make enterprises serving development goals more viable and civil society actors as significant players in the market.”²¹

- **SE can open new channels of interaction with the public**

Finally, SE can become a new channel of interaction with the public, different from fundraising in that interaction with customers is of a more direct type and is not based on solicitation, but instead is based on offering customers what they want. For example, our interviewee at the Sunshine Foundation explained that the customers felt they were already doing philanthropy by patronizing Sunshine's commerce, hence, the Foundation didn't particularly push its fundraising message upon them. Instead, the Foundation prefers to think that although the actions of these customers do not concretize into cash donations for the organization, the interaction between them and the special employees achieve a social education goal:

²¹ CAFO, *Social Entrepreneurship: A Compilation of Experiences and Exemplary Practices in Southeast Asia*. Manila: Philippine Business for Social Progress (PBSP), 2003, p. ii.

“The businesses operated by Sunshine are for the most part in the service industry and we gave up on the idea to operate closed-type manufacturing businesses. These service-based businesses have created over the past ten years two million opportunities for our employees to interact with customers, which is like Sunshine receiving every year 20,000 donations and 10,000 people participating in our services. This is quite meaningful in terms of the scope of our services.”²²

The contact between the customers and the employees does not just produce commercial value, but it also produces social value by raising the awareness of the public about disabled people. It can be said that the business ventures have a direct influence on the way the public perceives both the image of the Foundation as well as the image of its beneficiaries. The image projected by the Foundation through its businesses is one of an organization that is efficient, well-managed and whose services are of high quality, which empowers its beneficiaries through work, while disabled employees are presented as people who are autonomous, industrious and that play a constructive role in society despite their infirmity.

The SE venture, if it is well managed, can have a positive impact on the image of the NPO since, as Peter Drucker once famously wrote, “People no longer give to charity, they buy in to results.”²³ SE ventures can also have an important social education role because they can become points of interaction between the NPO, its beneficiaries and the general public, to spread the social message of the organization.

²² CHEN, Shu-Lan, “A Discussion on the Organizational Impact of Profit-Generating Businesses on Nonprofit Organizations: The Example of the Sunshine Social Welfare Foundation”. Unpublished paper, p. 13. (English translation by author)

²³ Cited in DEES, J. Gregory, Jed Emerson and Peter Economy, *Strategic Tools for Social Entrepreneurs: Enhancing the Performance of Your Enterprising Nonprofit*. New York: John Wiley and Sons, p. 118.

5. Conclusion

The growing interest in social entrepreneurship in Taiwan on the part of NPOs is not foreign to changes that have taken place in the NPO sector in the past few years. With the increased recognition at all levels of society of the importance of the contribution by NPOs, as well as the growing involvement of NPOs in areas other than those covered by traditional philanthropy such as advocacy, the direct provision of social services or involvement in social and economic development projects, there are more expectations and demands made upon these organizations to raise their level of professionalism and become more management savvy. This has meant that there have been more talks about how NPOs can increase their efficiency and achieve greater results by incorporating business management principles in their operations or how NPOs become involved in production of goods and services to form an “industry.” From there, NPOs making the step to establish ventures to generate more income and achieve their social mission is not hard to imagine.

Changes in the general funding environment have also contributed towards pushing NPOs further towards social entrepreneurship. More organizations vie for limited resources, and past events like the 921 Earthquake have made NPOs realize the danger of relying too much on one single source of funding, which can make them more vulnerable. Furthermore, ways in which government carry out policies have increasingly been calling upon NPOs, who are contracted out to deliver services or implement programs, thus allowing the State to make appreciable savings. Many government programs for which NPOs can obtain subsidies encourage the creation by NPOs of business-type ventures or industries.

Our interviews with NPOs have shown that social entrepreneurship, as the use of earned-income businesses or strategies to generate revenues and support the organization’s social mission, is widely well-perceived by organizations which see it as a general trend in the NPO sector. Interviewees, who all occupy decision-making positions inside their organization, mentioned that apart from potentially increasing the financial autonomy of organizations by diversifying their sources of funding, social entrepreneurship can also transform organizations thanks to the input of new knowledge required to manage a business, which makes organizations more conscious of the need for better management and performance evaluation. Moreover, a social enterprise can also benefit the NPO’s constituents, whether they are individual beneficiaries or the community at large. Finally, social entrepreneurship can open up a new channel of interaction between the NPO and the public by becoming a social education tool and by promoting an image of NPOs not as money spending organizations but as producers of social capital. However, our interviewees also emphasized that the motivation to start social entrepreneurship should first and foremost be achieving social mission, social entrepreneurship being only a tool to achieve social goal and not the goal in itself.

5.1. Facilitating factors

What are the most critical success factors for a social entrepreneurship venture? There are no absolute recipes for success in social entrepreneurship. A successful business model, when replicated by another NPO, might not turn out to be as successful as the original. An organization's own nature and structure will definitely influence the ability to "digest" and implement the business model. So will questions of opportunity and timing, which often have to do more with chance than with anything else. However, there are some factors that can be controlled and that can increase the success rate of any income-generating venture.

- Building a Strong Entrepreneurial Team and Defining a Clear Vision

a) Involvement of the board of directors:

First of all, our interviews have shown that the existence of or the ability to create a strong entrepreneurial team and/or vision is essential. In that aspect, we found that for many organizations interviewed, the support of the board of director played a crucial role. In some cases, it was board members who set the basis for the SE activity. In the case of Yucheng Foundation, a board member got the idea to set up a car wash center and recycling service employing mentally disabled youths from similar social purpose businesses in Japan. And since most of the foundation's board members (close to 60%) are parents of mentally disabled children, they were eager to create such an employment scheme, even if it meant taking financial risks.

In other cases, board members helped provide financing to support the creation of the SE venture, such as was the case of board members of the Garden of Hope Foundation who invested in the creation of the Ai-Hsin Company, or were highly involved in the whole planning process. Sunshine's board in 2003 had five members, with four having a business or legal background, and the organization has tried to choose its board members according to its operation needs, to inject new knowledge, new skills and new modes of thinking. In the planning stages of the business ventures of the Sunshine Foundation, board members have often provided internal strategy and overall guidance. They have also acted as negotiators, financial planners and above all, educators, asking the right questions and helping the foundation staff find the most suitable answers. Hence, board members can play a facilitating role by contributing their own expertise, but also by bringing into the NPO a different perspective from the "outside world" which can challenge and revitalize the traditional culture and values of the organization.

b) Involvement of outside experts:

Since starting a social entrepreneurship venture might require expertise that the NPO does not have, consultants or advisors can be brought in to provide technical support. This is what the Jenju Community Development Association has been doing by setting up a team of 30 advisors from different fields and disciplines to contribute their knowledge and expertise in developing the cultural and tourism industries

of the area. An organization cannot operate in total isolation nor does it have to limit itself to its already available resources. By inviting people outside the organization, the NPO can open itself up to new ideas and perspectives, as well as expand its network and integrate more social resources useful for the operation of the SE venture. Furthermore, the Association has managed to successfully integrate resources in and outside the community. This is not merely in terms of obtaining funding from government agencies, which is only part of the equation. In fact, to promote community empowerment work and implement projects, the Association had to strengthen communication with residents to understand their needs and explain to them how the projects can have an impact on their lives.

- **Providing Capacity Building and Training for Staff**

The involvement of staff in the entrepreneurial team is also crucial for the successful implementation of social entrepreneurship, and as such, overcoming any of their reticence can be achieved through continuous communication to clearly explain how a business venture can help achieve the organization's social mission, as well as by fixing clear goals and having clear methods to achieve them. Another way to guarantee the success of the SE venture is to build the capacity of the staff and teach them the skills for operating a business. Obtaining the know-how to establish and operate a specific venture was achieved by many NPOs interviewed by seeking help or forging partnerships with for-profit businesses in a similar field. The for-profit business can contribute by sending its staff as volunteers to help in areas like business planning or technical consulting, while it can also welcome NPO staff to conduct on-site training. Training classes specifically designed for NPOs have grown in number over the past few years, and this reflects a trend in the third sector to put increasing value in professionalism and strengthen their capacities. The business or management skills that NPO employees do not have, but that are crucial to engage in SE, can also be acquired through different training opportunities provided by universities, government agencies and even some NPOs.

- **Having the Capacity to Plan and Adapt**

A comprehensive planning process with the achievement of a social mission at its core but that is geared towards sustainability is also a crucial factor for success. It is not enough to identify a compelling business opportunity. As many of our interviewees pointed out, a first step is to carefully examine whether the SE venture will indeed further the NPO's mission and not have the contrary effect of jeopardizing it. Our interview with the Sunshine Foundation revealed that this is a constant questioning which is at the basis of their involvement in social entrepreneurship. Once the benefits for the NPO's mission have been determined, subsequent steps include securing adequate financial controls and tools for planning and monitoring the SE effort to guarantee that it is indeed sustainable so as not to financially burden the NPO. In that sense, research to understand what kind of techniques or skills are required by the venture, what are the needs of the market, who are the competitors and so on is extremely important. Another factor for success is for NPOs to understand their unique, competitive edge, to focus on and strengthen their distinctive characteristics to develop a niche market for themselves, as well as cultivate

the ability to adapt when their “niche” starts to change due to increased competition or changes in the market environment.

- **Obtaining Support from Other Sectors**

Our research has also shown that in many cases, the support of both government and business sectors helped NPOs set up their SE venture. Companies have been assisting NPOs in their SE efforts, either by providing grants to start the business or by providing technical support and advice. The best example is perhaps the financial support given by Citibank to Children Are Us Foundation for the expansion of their bakeries. Government also has program incentives that encourage NPOs to use entrepreneurial methods to assist the government in implementing policies and answering social needs, especially in regard to issues of employment and community empowerment, by providing subsidies and other relevant incentives.

5.2. Challenges to SE

Despite the development of SE in Taiwan, NPOs individually as well as the third sector as a whole must still face crucial issues.

- **Challenges that affect organizations themselves**

Challenges arise for the NPO that wants to engage in SE and they often stem from factors inherent to the organization itself. These challenges can be listed as follows:

a) Difficulty in combining two different organizational cultures:

Our interviewees highlighted the fact that despite all the benefits that SE can bring to their organization, their beneficiaries or even society at large, engaging in income-generating ventures is not an easy task and can sometimes even be a rather painful process if the organization is not prepared enough to handle changes brought about by the dynamic tension of running a profit-making entity within a nonprofit organization. Social entrepreneurship implies that two different cultures, for-profit and nonprofit, with their own different sets of values, objectives and management necessities will clash within one organization. For some of the NPOs interviewed for this research, the idea to set up a social entrepreneurship venture originated at the top-levels of the organization but met resistance with employees or volunteers who were reticent towards the idea that NPOs can operate a business and earn an income.

b) Lack of competent staff to operate the venture:

Apart from diverging convictions about profitability within an organization and the relevance for a NPO to operate a business venture, another problem faced by some of our interviewees was that of finding

competent people to run the income-generating venture when NPO employees do not necessarily have business management skills and professional business managers are actually hard to attract.

c) Difficulty in balancing mission and financial goals:

Furthermore, NPOs have to deal with the major dilemma of combining the pursuit of the organization's mission with the pursuit of financial goals, in a market whose modalities of operation are not necessarily in line with the NPO's mission. Market imperatives can go against mission imperatives, which means that the NPO might sometimes be forced to choose between mission considerations and business considerations by making decisions that, from a business point of view, are not reasonable but that will favor the attainment of the mission (or vice versa). A social entrepreneurship venture, to be successful, cannot be operated like another nonprofit program, but at the same time it cannot be regarded as a pure business venture. Hence, for some NPOs interviewed, striking a balance is a constant struggle, which can be aggravated if the NPO does not have a clear mission supporting the venture coupled with a strong management structure. How to measure the efficiency of the social venture cannot be done on the sole basis of how much it makes in profit, the way profitability is a measure of success in the business world. As such, NPOs must struggle to define other criteria to measure the success of the venture (degree of satisfaction of customers, involvement of staff, etc.) which are not necessarily easily quantifiable.

- Challenges that affect the overall development of SE in Taiwan

Challenges can be examined in light of the general situation of the nonprofit sector, where SE stirs increasing interest on the part of NPOs as a mean to fulfill their mission, as well as on the part of the government who sees NPO-operated ventures as capable of replacing its function of providing crucial social welfare services in some areas such as care for the disabled or job creation.

a) Lack of guidance for NPOs who wish to engage in SE

As NPOs are eager (or are strongly encouraged) to start their own ventures, SE has yet to be objectively presented with a "warning label" to remind NPOs of obstacles ahead. In the long run, this might represent a challenge to the development of SE in Taiwan. As discussed previously, many NPOs who want to start a SE venture are unfamiliar with operating businesses and don't have the basic competencies. Further more, many fail to fully grasp the extent of preparation and planning which is needed to set up a SE venture.

This lack of understanding on the part of NPOs could be counterbalanced by the provision in an organized and systematic manner of professional and technical support in the form of information, tools, consulting services, etc. Unfortunately, such assistance is lacking or inadequate, not just among NPOs themselves, but also on the part of the government who encourages the creation of NPO businesses through some specific subsidies. Before engaging in SE, perhaps NPOs should carefully evaluate whether going into business is the best way to fulfill their social mission.

b) Un-sustainability of SE ventures

Apart from asking the crucial question “Will SE help me fulfill my mission?,” NPOs must also ask themselves another important question: “Will my SE venture be sustainable?” As previously seen, very few SE ventures allow NPOs to be totally self-sufficient. For many NPOs interviewed, in terms of financial impact, the profits of SE ventures are part of a strategy to diversify sources of funding and most NPOs strive to maintain a balance between earned-income and donations, which are crucial as the manifestation of the public’s support and a form of social participation.

The problem arises when the SE venture is not sustainable and, although it furthers the social mission of the NPO, also becomes a financial burden on the organization that needs to continually inject money (either in the form of government subsidies or in the form of money raised through public fundraising) to keep the venture afloat. Government subsidies are not a long-term solution to the problem, nor is using funds raised from the public, especially if the NPO’s fundraising ability is limited. Under such circumstances, we may ask ourselves, is a SE business kept afloat by government subsidies and donations still social entrepreneurship? Or is it just another nonprofit service that uses a business model? This is an issue that needs to be carefully examined if SE is to further develop in Taiwan.

5.3. Recommendations for further developing social entrepreneurship

NPOs interviewed for this research basically all agreed with the fact that it was increasingly necessary for NPOs in Taiwan to strive towards greater financial sustainability combined with increased professionalization of their operations, and that social entrepreneurship was one of the ways to achieve this goal, while at the same time furthering their mission. However, the road to SE is filled with obstacles and challenges. As more and more organizations will turn to developing business models to attain their social and financial goals, it is necessary that they are well prepared to do so and that in the process, are well informed and have access to resources that can make this crucial step a little bit easier. As such, developing tools, furthering and disseminating knowledge are crucial factors for the sustained development of social entrepreneurship.

- Further knowledge on SE through research

More research at the academic level on the practice of social entrepreneurship in Taiwan should be encouraged, not just to present the theory originating from the US or in England that defines what is the concept of social entrepreneurship, but also to further explore how SE is actually practiced in Taiwan. From the concrete experiences of local NPOs, a social entrepreneurship definition or model that is best suited for Taiwan could be developed, organizations that have the potential to integrate SE in their operations could be identified, organizations that have already integrated SE could help us learn from their experience, as well as develop tools and knowledge about SE that would be useful for NPOs.

- **Training and capacity building**

Social entrepreneurship-related training and capacity building should also be encouraged as a mean to bridge the language and culture gap between nonprofit and for-profit sectors. Teaching how to become an entrepreneur is difficult because an entrepreneurial behavior has more to do with one's character and personality than practical, technical skills. However, training for NPO staff is necessary in order to instill in employees basic business principles and ensure that they can be translated for a nonprofit public to understand and apply. Since some of the difficulties NPOs face in implementing social entrepreneurship stem from the tension generated by a for-profit venture integrated inside a nonprofit organization, familiarizing staff with business principles can break their mental barrier against "profit," as well as dissipate prejudices or demystify what operating a business is all about. Also, teaching concrete business and management skills like financial planning, marketing, evaluation of performance, human resource planning and so on that are adapted to the specific context of operating a social enterprise will improve the ability of employees to operate the business venture and also, raise the overall effectiveness of the organization. Of course, learning can be achieved by organizing series of courses (which is an approach already adopted by many government agencies, universities and NPOs) but also by developing models of good practices from which employees can get inspiration, as well as by using a mentoring approach where one experienced NPO mentor provides guidance to other NPO workers.

- **Encourage exchange of knowledge and networking among NPOs**

Social entrepreneurship can be further developed by encouraging more exchange among NPOs, to share their experience (good or bad), and also develop opportunities for cooperation. Of course, this can be achieved by organizing conferences or workshops. Moreover, informal or formal networks of peers engaged in social entrepreneurship can be formed. Already, some NPOs seeking advice will turn to their peers for assistance but it is at a very individual level, on a case by case basis. A peer network would be conducive to the exchange and the dissemination of social entrepreneurship-related information inside the third sector but also, the formation of a body of NPOs from different backgrounds united by their involvement in social enterprises could facilitate broader social education work, encourage the creation of cross-sectoral partnerships and even be advantageous for advocacy efforts with the government for better laws or policies.

- **Encourage strategic business alliances between NPOs**

Strategic alliances between NPOs and businesses are already well established methods to help NPOs conduct fundraising or to establish and promote a SE venture. However, strategic alliances among NPOs are still quite rare. It has been often said that Taiwan NPOs, who often tend to work solo in their own field, should cooperate more often between one another. Cooperation does not have to be limited to philanthropic activities but can also be extended to areas like fundraising and marketing for SE ventures. Union is strength and many NPOs forging strategic alliances can combine knowledge, people and

resources to maximize results.

In order to achieve such a goal, we must change the perception of NPOs who often see each other as competitors for resources and clients. Communication is crucial and an organization must be willing to take on a leadership role to garner support from other NPOs, coordinate efforts and encourage communication. A few NPOs interviewed revealed that some efforts are now underway in Taiwan in that sense but alliances are still in the preparatory stages, so it is still too early to envision the form that these alliances will take or the results that they will produce. However, many NPOs interviewed agreed that this is a trend that will definitely grow in importance and that is worth pursuing.

- **Develop means to measure success**

As more NPOs engage in SE, it becomes crucial to develop means to measure the success and impact of ventures. How to measure the efficiency of the social venture cannot be done on the sole basis of how much it makes in profit, the way profitability is a measure of success in the business world. As such, it is necessary that NPOs define other criteria to measure the success of the venture (degree of satisfaction of customers, involvement of staff, impact on community, etc.) which are not necessarily easily quantifiable.

The above mentioned efforts can be achieved by NPOs themselves by uniting their strengths and sharing their knowledge. However, the government and the business sector can also play a positive role in advancing social entrepreneurship in Taiwan.

- **Develop government-led entrepreneurship programs**

As we have seen, there are funds available from the government that support the creation of enterprise schemes or industries by nonprofit organizations, specifically for the creation of sheltered workshops for the disabled or employment opportunities for disadvantaged communities. However, funding without further guidance will result in the creation of social ventures, but with only a few able to survive in the market by their own means. For example, government subsidies for sheltered workshops have spurred the creation of such businesses by NPOs servicing the disabled, but the money has not necessarily helped to raise the sensitivity of these organizations to the intricacies of operating for-profit businesses, nor have these organizations necessarily gained a sense of the necessity to have an appropriate performance evaluation system to follow market changes. Government tends to subsidize “hardware,” which NPOs evidently need, but it seems that little assistance is given towards strengthening the business management abilities of NPOs. Hence, one of our interviewee suggested that the government create business incubator programs to help emerging NPO businesses grow and survive during the crucial start-up period. The business incubators can be modeled on those found for small and medium-sized enterprises by providing shared support and business development services in financing, marketing and management.

- **Encourage business investment in social enterprises**

Similarly, we have seen that for some NPOs interviewed for this research, the establishment and development of their social entrepreneurship venture was closely linked to partnerships with businesses. Businesses can provide grants to set up the venture, as in the case of the Children Are Us Bakeries which received financial support from Citibank. Businesses also provide their expertise in crucial aspects of business planning or in introducing the NPO to the technical aspects of their venture, as in the case of the Syinlu Gas Station which benefited from the expertise of the China Petroleum Corporation. Corporations and NPOs might want to try and experiment further with venture philanthropy approaches. However, in terms of the broader development of social entrepreneurship, the business sector can play the role of catalyst by stimulating innovation and, as part of corporate social responsibility activities and projects, encourage and reward the entrepreneurial spirit inside the NPO community.

Because of limitations of time and the choice of data collection method, this research could only cover ten NPOs engaged in social entrepreneurship, and most of them are located in Taipei city. Despite the limited number of NPOs interviewed, their geographical concentration and the limited variety of their SE activities, these organizations have shared with us many interesting experiences from which we have gained a better, albeit still limited, understanding of social entrepreneurship as it is practiced in Taiwan. As the trend of social entrepreneurship will continue to develop, it can only be hoped that more research will be conducted on this topic to map out the practice of SE in Taiwan, as well as its characteristics which can then be shared with a NPO public outside Taiwan.

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Appendix

Ten NPOs have been interviewed for this research. Below is a summary of the work done by these NPOs as well as a brief introduction to their income-generating activities.

Sunshine Social Welfare Foundation

The Sunshine Foundation was established in 1981 through the combined resources of ten nonprofit organizations in order to help burn survivors and facially disfigured people. The name “Sunshine Foundation” is derived from the title of a book, *People Who Shun the Sunshine* by Xiao Ya, which relates the author’s tragic experience of a burn accident and her persistent struggle for recovery and to be accepted by society. The Foundation’s mission is “to provide an extensive range of services for burn survivors and facially disfigured people; to assist them in their physical, psychological and social rehabilitation; to uphold their human rights and dignity.”

The nonprofit services and programs of the Foundation include:

- Physical rehabilitation: In order to prevent burn scars from turning into permanent deformities, physiotherapists on staff provide the latest professional therapies, ensure that pressure therapy is available to more burn survivor and provide medical information. The Foundation also facilitates mutual support amongst burn survivors in several cities in Taiwan.
- Psychological counseling: The Foundation assists clients in regaining their confidence by conducting one-on-one individual counseling along with group activities such as music or drama therapies. Round-table discussions for survivors’ families are also held so that they may exchange experiences with one another.
- Short-term Facility (Half-way House): The Foundation offers temporary or short-term accommodation for burn victim children as well as for adult clients in need of continuous rehabilitation. These clients receive assistance in terms of independent living, mental adjustment to injuries and employment search.
- School counseling: This service helps facially burn-injured youths in adjusting to life at school. The Foundation assists students in improving studies and organizes school informal discussions as well as offers scholarships.
- Social education: The Foundation also leads “burn prevention education” campaigns focused on students, teachers and community members. Furthermore, the Foundation directly works with schools and communities to advocate ideas of acceptance and care so that burn victims may find less obstacles when they go to school, search for jobs or experience employment and housing

adjustments.

- Vocational counseling: The Foundation also helps its clients in regard to employment issues by providing vocational counseling, job and skills evaluation, job matching services and affirmative employment in the sheltered workshops operated by the Foundation.²⁴

Burn victims, despite their handicap, must reintegrate mainstream society and return to a relatively normal life. This is often achieved through employment, which allows burn victims to resume a productive life and recover their financial independence. However, because of their handicap, many clients of the Sunshine Foundation have had difficulties in finding employment through the traditional channels of the job market. In the course of its work with adult burn victims, the Foundation found that 65% of them face employment difficulties (Chen, 2003). The growth of the service industry in Taiwan over the past few years has meant that more jobs are offered in this sector than in any other. Burn victims, because of their infirmity, are clearly disadvantaged when looking for jobs, with businesses often reluctant in employing them. Since, generally speaking, the majority of the burn victims are also the main providers for their family, it is crucial that they find employment that would not only allow them to reintegrate mainstream society but that would also give them a stable source of income to continue supporting their family.

The Sunshine Foundation, which was already concerned with the physical and emotional welfare of burn victims, thus set out to address their employment needs by creating sheltered workshops, the first one being the Sunshine Car Wash Center established in 1990. This car wash was for a certain time one of the most profitable professional car wash centers and has played the role of training platform and disseminator of knowledge and technique for some 20 other car washes employing handicapped people. Apart from the Hopping car wash, the Foundation also opened another branch in 1998. The Foundation also operates two stores in MRT stations, respectively the Nanking East Road station and the Kuting station. These stores provide opportunities for facial burn victims, often women, to interact with the public. The employees receive vocational training at the stores where they learn basic retail sales, customer relations and how to re-integrate society. Finally, the Foundation also operates a gas station, thus helping to develop a new type of sheltered workshop-type business for the disabled.

Apart from operating affirmative businesses, the Foundation has also taken up the production of pressure garments for burn victims. This business does not employ the Foundation's clients but instead directly benefits them by ensuring that they have access to high-quality pressure garments crucial for their recovery at a reasonable cost. The Foundation also sells these pressure garments to non-burn victims, especially people who have undergone cosmetic surgery. However, the "cosmetic purpose" garments' price, style and distribution channels are differentiated from the "therapeutic purpose" garments.

²⁴ www.sunshine.org.tw

The premise of the Sunshine Foundation for establishing social enterprises is not to increase its revenues, but instead, is directly related to the services provided by the Foundation, which progressively evolved from the basic rehabilitation and psychological needs of burn victims to their more complex need for reintegrating mainstream society through education and work opportunities. The idea for the first social enterprise grew in response to the fact that burn victims could not find work in the regular job market. As such, the Foundation set out to create workshops that imitate the real competitive work environment where beneficiaries learn how to increase their competitiveness through training to later on make the leap in the real job market. The workshops serve as stepping-stones to prepare these people to reenter the regular job market by teaching working skills, while it is also a platform that allows them to interact with the public, on one hand progressively eliminating the emotional handicap that they might have towards facing society, and on the other hand, progressively deconstructing the prejudice society has towards disabled people.

Society of Wilderness (SOW)

The Society of Wilderness (SOW) is an association founded in 1996 by a group of citizens as a civil, grassroots non-government organization for nature education and conservation. Its members come from all walks of life and include teachers, doctors, managers, housewives, students, retired persons, etc. The association is headquartered in Taipei city but it also has nine chapters in different counties of Taiwan, as well as oversea offices in Malaysia, Nicaragua and Australia. Over the years, SOW has grown to regroup some 8,000 members, with a growth rate of about 1,000 members per year, which perhaps makes it the largest non-government nature conservation and education organization in Taiwan.

The mission of SOW is defined as:

“To protect wild lands, allowing nature to manage and revive itself, by obtaining guardianship and managing authority of wilderness areas through means of purchases, long term leases, and funding from commissions and donations. To purposefully set aside wild lands and preserve nature in its original state for present and future generations to explore and be enlightened by the wonders of life.”²⁵

As part of its work, the association raises funds for the purchase of wild land, promotes awareness of the importance of nature conservation, trains grassroots personnel for conservation activities, and encourages people to become nature observers, organizes groups of consultants to oversee national environmental protection regulations and policies, as well as participate in the drafting and promotion of legislations for nature resource protection and national environmental acts.

²⁵ SOW website: www.sow.org.tw

As a membership-based association, SOW emphasizes the participation of every person in society towards the protection and conservation of wilderness in Taiwan and elsewhere around the world. Hence, SOW organizes many activities aimed at different publics that allow people to experience and feel nature, thus cultivating their love for nature and raising their awareness about environmental protection. SOW organizes guided field trips, offers trainings and seminars for nature interpreters and nature lovers, and hosts summer and winter nature camps for children. The association also works with local communities by organizing seminars teaching residents how to observe and learn about their nearby natural environment, by organizing festivals in communities, as well as by promoting "Green Map" programs in communities by assisting local residents to map out green resources in their own neighborhood.

Unlike foundations which dispose of an endowment that can generate, albeit limited, income, SOW had to think early on after its establishment of means to generate funds to sustain its programs and activities. Hence, some of its programs like nature camps or field trips sometimes require participants to pay a fee. However, SOW also leaves open the possibility that people participate for free, as in the case of the nature camps for children, which welcome underprivileged children and aboriginal children who otherwise would have neither the financial capacity nor the opportunity to participate in such activities. Although participation fees for activities can generate income, SOW also wants to ensure that the educative mission of these activities can reach out the largest number of people, no matter whether they can cover the fees or not.

SOW has also developed over the years a series of products related to its environmental mission that are both useful and play an educative role. Sale of products like cards and calendars produced from pictures of wildlife taken during SOW outdoor activities started as early as the association's establishment and was a means for raising funds. In the early days, sales of these items could raise between NT\$2,000,000 and NT\$3,000,000,²⁶ thus supporting the association's activities for one year (at that time there were fewer members so operation costs were lower). SOW also has books, which are published by the association itself or by commercial publishers. Clothes for outdoor activities are also sold such as T-shirts, scarves, hats or handkerchiefs. All of these products are produced following environment friendly principles. This means not over-producing so as not to waste resources, using recycled paper and eco-friendly ink to print calendars and cards, etc. Apart from having its own products, SOW also chooses products made by other for-profit companies that are linked in one way or another with their work (ex: long view used for bird watching), that are of high quality and that correspond to SOW's environmental criteria, and acts as a sales intermediary. For companies, this means that they can reach the 8,000 members of SOW, while for SOW, this means that for every item sold, they obtain a commission.

²⁶ US\$1 is about NT\$33.

Because SOW is an association, it needs the recognition and participation of people. In our interview with the association's Secretary General, he emphasized that SOW would rather have 10,000 people each giving \$1 than receiving \$10,000 from one person. As such, although the sales of products can help generate income for the association, the focus is not as much on how much money products can raise but more on how many people can be reached through these items.

Yucheng Social Welfare Foundation

At the origin of the establishment of the Yucheng Social Welfare Foundation was the Taipei City Association of Parents of Mentally Retarded People, which consists of parents of mentally disabled people in the greater Taipei area. In the early 1990's, the association contemplated the possibility of establishing a foundation, which would give it more leverage to organize activities and conduct fundraising. The initial endowment of NT\$10,000,000 required by law for the establishment of the foundation was raised one small donation at a time by parents themselves who conducted fundraising on the streets. Although this method proved arduous, parents felt that raising money themselves from the general public instead of having it donated from one large company or a specific individual ensured the independence of the new foundation, which was officially established in 1994.

Yucheng Foundation provides services at the community level for handicapped people and their families by operating social welfare programs that it designed itself or that were entrusted by the government. It also assists other social welfare organizations in implementing programs or in training social workers, as well as conduct advocacy to represent the rights of the mentally handicapped and their parents.

One of its important areas of work is vocational training for mentally handicapped youths and adults, which is achieved through operating affirmative businesses. Yucheng believes that as government resources for social welfare dwindle, NPOs have to find solutions to continue providing crucial services to their clients. Hence, operating affirmative businesses means that NPOs share with the government the social welfare burden instead of constantly being the recipient of subsidies. It also means that the public can see that handicapped people can also work, be relatively autonomous and contribute to society. As such, Yucheng sees its affirmative ventures as a responsibility it has towards its clients: "the foundation takes on the pressure and risk that comes with operating a business for the growth and development of the handicapped children."²⁷

The first affirmative business created by Yucheng Foundation in 1995 was a recycling service. The inspiration for this service came after a trip to Japan by board members who visited social welfare organizations, special schools for mentally handicapped and government bureaus, which opened

²⁷ Interview with Yucheng Foundation, February 10, 2004.

sheltered workshops. Board members were especially touched by an affirmative business which taught handicapped children how to wash, iron and repair second hand clothes. Yucheng was inspired to establish a recycling business that would be self-sustainable and where, through their work, mentally handicapped people could take care of themselves. Originally, Yucheng recycled old clothes but because there were already for-profit businesses involved, handicapped employees faced stiff competition and their earnings were unable to cover costs. The list of recycled items was widened to also include paper, old batteries, old computers and bottles. Later on, in 1998, the Foundation also established a manual car wash center which trains mentally handicapped people, employ them and can also refer them to other car wash centers after positive evaluation of their performance and capacities. Lastly, the Foundation also established a restaurant serving noodles and dumplings in 2003, which also employs the Foundation's clients.

The First Social Welfare Foundation

The First Social Welfare Foundation was established in 1980 to help mentally and physically disabled people, autistic people, children with development delay and their family. The Foundation's 230 regular full-time staff provide early intervention treatment, pre-school education and therapy, life training, vocational training, and vocational consulting to disabled people. The Foundation also provides handicapped people with information about special education, therapy and social welfare, it subsidizes the evaluation, design and production of therapeutic instruments, it promotes social education, organizes conferences and publishes books, as well as provides training for social welfare professionals and internship opportunities for students.

Like many other NPOs servicing disabled people, the Foundation hopes to create more training and employment opportunities for its clients. Affirmative businesses are a means to allow handicapped to have a job, earn money and interact with people, which can be conducive to their development (both mentally and emotionally). As such, social entrepreneurship for the Foundation is seen more from a social welfare perspective (how to empower or help the organization's beneficiaries) rather than from a business perspective (how to increase the organization's income or make it more self-sufficient).

As part of its work, the foundation trains its students to learn basic daily functional skills that they will need for life in their family and in society. The affirmative businesses initiated by the Foundation reflect this training for functional skills: baking, cooking, cleaning, etc. The earliest venture of the Foundation is the cleaning service teams, where three development centers operated by the Foundation each have one cleaning service team, and every team has 15 disabled people which are sent out to churches, office buildings and apartment buildings to do cleaning work. Such a venture has the advantage of needing little investment in equipment and makes for higher financial returns, thus translating in higher salaries

for the employees. In October 2002, the Foundation engaged itself in a more capital and technology-intensive venture by opening a bakery. The bakery employs 30 mentally handicapped people who are supervised by teachers (two teachers supervise eight students). Furthermore, the Foundation has organized handicraft classes where students produce hand-made trinkets which are later sold during special charitable sales or even through online channels. Apart from affirmative businesses, the Foundation also produces therapeutic instruments, which are ordered by special schools, as well as by the foundation's own development centers for their beneficiaries.

Jenju Community Development Association

Jenju Community is located in I-Lan County, in Northeastern Taiwan. The community is mostly rural, covering an area of 2,505 square kilometers and having a population of 516 families or 1,780 individuals as of 2002 (in comparison, there were 397 families and 1,370 individuals in 1991). The Tungshan River runs through the Jenju village, which is also close to the Tungshan River Forest Park. The main commercial activities in the region have been the culture of rice and vegetables.

With few industries or local products to sustain employment, Jenju experienced like many other rural communities the exodus to the cities of the younger generation in search of job opportunities or to further their studies. The impact of globalization and of Taiwan's entry into the World Trade Organization (WTO) has been felt right down to the local level, where this has translated for Jenju Community in a rise in unemployment levels and increased pressure on local farmers who find it harder and harder to compete in the market. In addition, the general quality of the environment deteriorated over the years and the community had few well-protected cultural and historical buildings. In all, the community didn't seem to have much going for itself and was faced with difficult challenges that were not merely of local origin but that in fact stemmed from global changes.

In an effort to promote community development, the government provided funds for the creation of a community council in 1989, which actually was semi-governmental and did not have any legal status. This community council was to be the precursor of the Jenju Community Development Association, which was formally registered as a nonprofit, non-governmental association in 1994. In 1999, Mr. Lee Hou-Chin became President of the Association (and is still President today). Hailing from the Jenju Community and with a background in social work, Mr. Lee understood the problems and needs of community residents. As such, he devised plans to start community empowerment work in Jenju.

In 2000, Jenju residents started to feel the impact of structural changes in the overall economic environment that, although were taking place far away from their home, were still heavily felt locally. Globalization combined with Taiwan preparing to join the World Trade Organization raised uncertainties

for residents who feared not being able to compete in the global market and who were starting to feel more and more left out by the new economy. Uncertainties and worries towards the future generated more psychological and emotional distress.

At the basis of Jenju Community Development Association is Neo-Confucian philosophy, which attaches great importance to human interpersonal relations. Traditionally, farming villages emphasized values such as cooperation and loyalty. However, modern life has changed this traditional way of life and human relations have become characterized by distance between people, mistrust, incomprehension and personal conflict. This results in the inability of people to cooperate and implement projects, because everyone can only think of their immediate personal benefit. The goal of the Association is to return harmony and trust between people by focusing on improving human relations and ethics, as well as by teaching people how to treat others with respect. Hence, one of the early work focuses of the Association was to organize activities to improve the parent-child relationship, because family is seen as the core of community and society.

Now, the Association organizes cultural development projects (reading clubs, movie clubs, community newspaper, art classes), environment protection projects (nature interpretation classes, promotion of recycling), health and welfare projects (seminars on health-related issues, youth welfare, elderly welfare), education projects (organize classes and training in partnership with the I-Lan Community College), as well as projects to develop the local tourism industry. These projects not only improve the general living environment of Jenju residents and enrich people's lives, but many activities also have had a positive economic impact on the community.

The Association has been active since 2000 in promoting local cultural and tourism industries that not only have substantially improved the economic condition of Jenju residents but that have also contributed to strengthening their identification and attachment to their native home, while making it famous across Taiwan as a successful example of community empowerment work. The Association first started out by developing local handicrafts such as masks made of straw and other related straw souvenirs, as well as develop a local kite-making cottage industry. These handicrafts are not only a source of income for both the Association and local residents, but they have also become important components in a broader project to develop Jenju Community into a popular agro-tourism destination by becoming somewhat like "symbols" of the community and its distinctiveness. Furthermore, in order to encourage tourism, the Association has also promoted the creation of a network of guesthouses operated by local residents in their own houses which build upon the local characteristics of the community and serve the preserve its natural landscape. These simple income-generating enterprises have spawned a series of other activities and special projects such as festivals, the creation of exhibition halls, etc. The overall result has been to revitalize the community both economically, culturally and spiritually.

The Garden of Hope Foundation (GOH)

The Garden of Hope (GOH) works to help children and women victim of violence, sexual abuse and prostitution. Established in Taipei in 1988, GOH started out by setting up a halfway house for girls victim of prostitution, the first non-government run halfway house in Taiwan. Later on, in order to tackle the more deep rooted causes of child prostitution, GOH confronted the sex industry as a whole by starting the Anti-Child Prostitution Social Movement (1993). Now, while still working to prevent child prostitution and help its victims, GOH also assists women and children victim of sexual abuse and domestic violence by offering emergency shelter, legal counseling and psychological counseling. The Garden of Hope is active in Taipei, Taichung, Kaohsiung and Taitung.

The work of GOH focuses on education and prevention by encouraging research and development of educational material on issues relating to child sexual abuse and sexual exploitation, by participating in social movements and conducting advocacy campaigns such as the “The Anti-child Prostitution Social Movement” which began in 1992 and prompted adoption of “The Law to Prevent Sexual Transaction Involving Children and Juveniles,” as well as by conducting social education and monitoring the law through the mass media and private communications network. Furthermore, the Foundation provides direct services through the six Garden of Hope Half-Way Houses for placement and protection of unfortunate girls, as well as through the Dandelion Treatment Center, which provides telephone counseling, psychological counseling, game therapy, sand play therapy and support group to sexually exploited or sexually abused survivors. GOH has set up unwed pregnancy counseling services, outreach services to prevent run-away or street youths from entering sex industry by providing services at fix times and fix places, as well as caring services for women victim of violence. The Foundation also operates the Olive Stone Girls' Center for Development to assist disadvantaged girls in potential development and job preference counseling.

The Garden of Hope Foundation has engaged in three types of income-generating activities. The first consists of mission-related products such as books and the GOH doll. Of course, books play an educative and awareness raising role. The GOH doll however has become a symbol that embodies the foundation’s mission, its work and the ideals behind its work. There are approximately 8,400 children that are sexually abused in Taiwan every year. Therefore, the Garden of Hope created a doll to symbolize the victims of abuse and started the Adopt a Garden of Hope Doll campaign to raise funds for the Children’s Sexual Abuse Treatment Center. Over five years, GOH has sold close to 30,000 dolls, which have evolved from the “first generation” model to the “third generation” model, with each model emphasizing different characteristics.

In the past, the Foundation also engaged in operating an affirmative business employing youths who had

escaped violence or abuse. Because there is very little work opportunities offered for people below 18 years old in Taiwan, the Foundation believed that it was necessary to create a safe work environment to prevent that these troubled youths end up on the streets or become entangled in crime or prostitution. GOH set up a restaurant on the ground floor of their office building and sold coffee as well as simple lunches. The restaurant's goal was not to make money but instead it just broke even, because the emphasis was simply put on training the youths, which could later on be referred to other regular jobs. The restaurant operated for one and a half year but the whole venture closed down after GOH moved to another location. Although the Foundation moving to another location was an important factor in the decision to terminate this venture, another important consideration was that this type of work was very demanding on the social workers of the Foundation who had to become familiar with the workings of operating a business.

Since July 2003, the Foundation has ventured into a new direction by establishing an independent for-profit company called Ai-Hsing Company. It is a purely profit-making business whose ventures are unrelated to the Foundation's mission. However, net profits generated by the ventures are to be returned to the Garden of Hope Foundation in order to support its nonprofit programs and services. One of these ventures is a partnership with the Taiyan company to set up a franchise selling the company's beauty products. This is a rather revolutionary approach for NPOs in Taiwan who want to create more secure sources of funding to ensure their self-sufficiency.

Tsuei Mama Foundation (TMM)

Following the lifting of Martial Law in 1987, social movements gained in strength and grew in number. One of the movements protested against the lack of affordable rental housing and worked to break the monopoly control by private rental agencies in metropolitan area of Taipei. The "Houseless People's Union" movement (also called "Shell-less snail") criticized speculation in the housing market, advocated not to buy houses in protest and requested that the government come up with policies to regulate the housing market. From this movement emerged the Tsuei MaMa (TMM) Housing Center, which was established on Oct. 15, 1989 to address issues of lack of affordable rental housing and to break the monopoly control by private rental agencies in the metropolitan area of Taipei. In 1994, the Tsuei MaMa (TMM) Housing Center became the Housing and Community Service Association, R.O.C. and later on in 2001, it became the Tsuei Mama Foundation. As of 2003, the Foundation had 17 full time staff and 3 part time staff.

The mission of Tsuei Mama Foundation is to:

- Be concerned about all public matters related to housing issues, provide assistance in solving housing problems, and enhance the quality of living environment.

- Evaluate the quality of information on housing and life, and protect the interests of consumers.
- Conduct research in housing policy and investigate rental issues, and promote the enactment of related policies.
- Help the disadvantaged in solving housing problems, use surveys to study the formation of those problems, gain an understanding of the social factors involved, and promote housing policies to protect the welfare of the disadvantaged.²⁸

The core of the foundation's work is housing-related issues, from which a whole set of services and programs have been developed, including housing information service for the rental of apartments, legal consultation, community development, moving evaluation and flea market. The earliest work of the Foundation has consisted of setting up a housing information system to act as a bridge between landlords and renters by providing information on available apartments to rent on site at the Foundation's office or online on the Foundation's website. At the beginning, this service was free but in 1991, the Foundation instituted a service fee system where tenants searching for housing information through TMM must become members and pay a membership fee. After adjustments over the years, the current fee system requires that users pay a fee of NT\$150, which guarantees membership for life. Then, members must purchase credits which are deducted for every data search (landlord contact information costs NT\$5 per data). At a financial level, this system contributes to the financial stability of the organization by generating income. At a social level, this housing information system has had a definite impact in taming a housing market that was unregulated and where low-income tenants were clearly disadvantaged.

Another important area of work of Tsuei Mama Foundation is its moving company evaluation service. When the Foundation decided to set up this service, the moving business was unregulated and there were no government supervising agencies to set and enact regulations, no supervision of moving companies, no legal recourse for consumers who were cheated or who received low standard services. In such an unregulated environment, consumers faced many difficulties. For example, after having quoted very low prices to attract customers, moving company would ask consumers to pay up to ten times the original quoted price after items had been loaded onto the mover's truck, and would refuse to return the consumers' "kidnapped" property unless the inflated price was paid. Other times, items were broken or stolen. In these cases, consumers were often afraid to report the crimes to the police for fear of retaliation from the movers who knew their domicile's address. Consumers that were cheated (stolen goods, broken goods, etc.) went to Tsui Mama Foundation for help and advice, as well as to denounce bad moving companies. The Foundation devised the evaluation system which rests on the involvement of consumers themselves. Consumers are asked to fill in a questionnaire about the quality of service of moving companies they use. Every time they return their questionnaire to the Foundation, the moving company agrees to give back 5% of the moving fee to the customers, which often end up donating the money to Tsuei Mama. Results are compiled every month and made public. Furthermore, if the customer has been

²⁸ Tsuei Mama Foundation website: www.tmm.org.tw

referred by TMM thanks to the evaluation system, the company must give back 3% of moving fee to TMM. The system has a social goal to protect the rights and interests of consumers by advocating for quality moving services, but it uses a method that works along capitalist market logic so that moving companies are able to accept it and follow it because the whole system is presented to movers as a means to improve their business by helping them improve their service quality. The moving companies that are highly rated will evidently attract more customers. Although there are no fees for service, the moving company evaluation system still manages to generate donations to the Foundation from customers.

Close to 95% of the income of TMM comes from service fees paid by tenants and small donations (NT\$1,000-2,000) made by landlords and tenants (the remaining 5% represents money received for specific projects, either given by the government or the business sector). From the portion of income generated by service fees, between 40 to 50% come from the evaluation of moving companies, while 50 to 60% come from housing information service.

Furthermore, the Foundation has also become involved in community development to organize activities to awaken community residents to the need to care for the community environment. The Foundation has worked in collaboration with other community organizations such as local community development associations, churches, kindergartens, primary schools, and convenience stores to encourage people to participate in community affairs. Although community development work does not generate income, it has nonetheless become an important component of TMM's work, especially in regard to activities focusing on building management committees, which started in 2000. TMM works with these building management committees to organize training classes on legal regulations, how to deal with problems that might arise in the management of building, how to encourage better relations between neighbors, etc.

Eden Social Welfare Foundation

In 1982, the disabled writer Liu Hsia and a group of Christians wishing to help improve the overall condition of disabled individuals in Taiwan established the Eden Foundation. Twenty years later, this foundation has evolved into a national institution employing over 700 full time staff, of which nearly 40 percent are disabled, working in 56 service centers across the country, and with two overseas branches in Malaysia (the branch in Penang opened in 1991 while the branch in Kuala Lumpur opened in 2000).

During the past twenty years, Eden Foundation has sought to make it possible for disabled individuals, from infants to adults, to fully participate in mainstream society through various means. The foundation provides direct services including case management, vocational training, job placement, and medical subsidizing as well as indirect services such as lobbying for laws to protect and assist the disabled and organizing charity events and public educational campaigns on disability in hopes of creating a barrier

free society. Apart from servicing the disabled, the Eden Foundation has also developed services for elderly people as well as for foreign brides.

One of the principles at the basis of Eden's work is that teaching someone how to fish is better than simply giving him fish to eat. This idea of self-sufficiency and self-sustainability is at the basis of the Foundation's efforts to create work opportunities and work environments for handicapped people by establishing affirmative businesses, which can also generate revenues to ensure the Foundation's own sustainability. These businesses provide work opportunities to the handicapped, help them achieve self-sustenance and allow them to give back to society. They also represent an efficient use of the resources from the public, they create means for charitable marketing, and they extend and promote the concept of social welfare marketing. Also, at a broader level, they allow the Foundation to become a supportive force for society.

The Eden Foundation established the Tzu-Hui Sheltered Workshop in Wugu in 1999, which employs about 33 beneficiaries as trainees (people with mental handicap or with multiple severe handicaps). The main production of the workshop is wheelchairs and related therapeutic instruments that are either donated to beneficiaries of the Eden Foundation or sold through the Foundation's own network or through specialized stores. The Foundation has also set up a data key-in service in 1990 which employs handicapped people with reduced mobility after realizing that many handicapped, after having received computer training, were still unable for various reasons to find regular jobs. The Foundation teaches handicapped people typing skills and other computer-related skills, and then accepts contracts from businesses for data processing which are carried out by the employees. Apart from these affirmative businesses, the Foundation has also established a charitable marketing center in charge of selling products that are either produced in Eden's sheltered workshops or provided by other businesses like bottled water, greeting cards, candles, etc. This venture's goal is mostly to increase the revenues of the Foundation.

Syinlu Foundation

The Syinlu Foundation was established in 1987 to benefit mentally handicapped children, youths and adults, as well as their family. It is the parents of mentally handicapped people, mostly mothers, who initiated the movement to establish the foundation. In 1987, government financial and professional resources to help these mothers were scarce, information available to them about how to care and encourage the development of their child was limited, there were very few support groups of parents, social welfare and handicapped rights were limited and generally speaking, society as a whole was not made aware of the needs of mentally handicapped people. The initial endowment of NT\$1,000,000 was raised by parents through fundraising (small donations). The Foundation now has 280 full time staff.

The mission of the Foundation consists of the following elements:

- Promote legislation or amend current laws, as well as conduct advocacy to guarantee proper rights of mentally handicapped people.
- Advocate welfare services to improve the life quality of handicapped people based on the following principles: humanity, normality, professionalism, community and family.
- Provide mentally handicapped people and their family with services such as education, therapy, residency, leisure activities, community participation, vocational training and counseling.
- Train professional workers that can develop and integrate community resources.
- Conduct research and publish relevant publications.

The Syinlu Foundation provides services to mentally handicapped people, following them from infancy to adulthood, by engaging in therapy and early intervention that focuses on mobility, cognition, language, mental and psychological development for infants, preparation for primary school and day care service for children, as well as special classes and outdoor activities for youths. In 1995, the Foundation also started to provide vocational training, counseling and employment referral for mentally handicapped adults, as well as develop work opportunities through affirmative businesses, most commonly referred to as sheltered workshops.

These sheltered workshops are the core of the social entrepreneurship activities of the Foundation. The earliest workshop was a car wash center established in 1996 in Hsintian (Taipei County). The goal of the venture was to train and provide work opportunities for handicapped people who were then referred to other car wash centers. Because the venture was operating on land leased from the Taipei county government, it ceased operation in 2000 when the land lease expired.

In the meantime, the Foundation had initiated in 1997 another venture: cleaning stores employing mentally handicapped people over 15 years old. These stores allow handicapped people to have direct interaction with the community. There are already five cleaning stores in Taipei city where people can send their clothes to be washed, with plans to open a new one at the gas station operated by Syinlu. Furthermore, in 2002, the foundation set up a factory in Taipei County to become the cleaning center and organized the different branches of the cleaner service into a network.

In 2003, Syinlu started operating a gas station in Taipei city. Originally, the gas station belonged to China Petroleum Corporation and was located on land provided by the city government. When the lease for the land expired, the Taipei city government decided to have a call of offers for NPOs to operate the gas stations as sheltered workshops for handicapped people. Syinlu obtained a three year contract to operate the gas station which stipulates that more than 80% of employees must be handicapped (most are mentally handicapped) and that part of the profits remaining after having covered costs must be used to

promote/support vocational training and employment for handicapped. Unlike the cleaning stores which barely make a profit, the gas station has become one of the most profitable ventures of Syinlu.

The latest affirmative business of the Foundation is a restaurant which opened in Kaohsiung city in February 2004. This restaurant serves coffee and simple meals on a location that was provided by the government, just in front of the Technology Museum, which guarantees regular traffic. The restaurant employs about 10 students and 4 employees-teachers.

Children Are Us Foundation (CAUF)

The foundation was established in 1995 with an endowment of NT\$5,000,000 by parents of children suffering from Down's Syndrome, cerebral palsy, multiple dysfunctions and other mental illnesses who were concerned for their child's development and welfare. Behind the establishment of the foundation laid the desire to change the public's general perception about people with mental disabilities and as such, CAUF emphasized the need to remove any barriers, whether physical or psychological, that prevent mentally disabled people to take their place in society.

Parents of mentally handicapped children, apart from facing a lack of social resources and support for the care and education of their child, also had to deal with the general misconceptions of the public who widely misunderstood the basic nature of mental disability, sometimes even mistaking it for some sort of communicable disease, and believed that mentally disabled people could only consume government social welfare resources. CAUF set out to eliminate the prejudices that present mentally handicapped people as pitiful and relying on resources provided by society by emphasizing that with love and care, they can enjoy life in the community, have friends, have a home, have a job and be as creative and productive as regular people.

The foundation pursues its mission of integrating handicapped people in society and developing their latent potential by:

- Operating a group home for mentally handicapped people that offers courses based on their real life needs like cooking, cleaning, communication skills, etc.
- Organizing recreational and artistic activities like music groups and a theater troupe.
- Providing short term care for mentally handicapped children whose parents need assistance.
- Providing community supportive employment services like job information, referral and training.
- Providing professional training and employment opportunities through the Children Are Us bakeries and restaurants.

Having visited in 1996 bakeries and restaurants in Japan that employed mentally handicapped youths, the

Executive Director of the Foundation saw that such a business model fitted with the Foundation's mission and was perhaps the perfect vehicle to provide work opportunities for the foundation's beneficiaries, who, through close contact and interaction with the store's customers, could improve their self-esteem, integrate mainstream society and progressively transform the perception of the public towards mentally handicapped people. Upon returning to Taiwan, planning work began for the establishment of the first Children Are Us bakery, which finally opened in March 1997 in Kaohsiung city. Today, Children Are Us has expanded its business operations and now has 15 bakeries and restaurants in Kaohsiung, Taipei and Hsinchu. The bakeries and restaurants have been extremely successful not just in financial terms but also in terms of changing the perception that the public has of mentally disabled people.