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Comparison of work integration social enterprises in Taiwan and Hong Kong: resource mixes

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ABSTRACT

Work integration social enterprises (WISE) providing social services and products are the most visible forms of social enterprises both in Taiwan and Hong Kong. This type of social enterprise is deeply concerned with the socially disadvantaged minority and it is able to integrate them with the labor market by providing them with proper training and employment assistance, which allow them to connect with the society and achieve self-empowerment in the long run. The authors of this paper attempt to make a comparison of WISE in Taiwan and Hong Kong, focusing on a significant issue, that is, “resource mixes”. The research questions of the study are listed as the following: Are WISE in the two regions increasingly adopting mixed financial resource strategies? Are these strategies able to be sustainable over time for the WISE? What is the major difference linked to the type of government support provided to WISE in Taiwan and Hong Kong? Will the Taiwanese government tends to implement a number of measures to support NPOs creating employment opportunities for people with disabilities?

Keywords: Work-integration social enterprises (WISE), Resource MIXES, Taiwan, Hong Kong

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I. Introduction

Development of the social enterprises in Taiwan and Hong Kong has flourished with the related governmental policy promotion and support from the private sector. Though there is no official or private count that gives the accurate number of the social enterprises in Taiwan¹, in recent years, when it refers to innovation and entrepreneurship, the ideas of social enterprise would surface. It seems that most Taiwanese people are eager to engage themselves in reflecting whether the social enterprises could lead to another opportunity to provide social innovation to meeting the social and economic needs and resolve the social problems.

The idea of social enterprise has also emerged in Hong Kong and been widely discussed in various fields, along with the development of all types of social enterprises since the early 2000s. Varied platforms and private organizations have also played important roles in the provision of ideas to foster the development of social enterprises in Hong Kong. According to the statistics provided by the Hong Kong Council of Social Service, in 2013, about 150 social enterprises operated 406 businesses in Hong Kong; the increase almost doubled in the last five years (Chen, 2013).

As Taiwan and Hong Kong are categorized as two Chinese societies, there are high degrees of expectations on adopting the strategies in developing social enterprises in wish of solving social problems like the promotion of the employment and poverty alleviation for the disadvantaged groups. We, thus, consider it is meaningful to conduct a panel study to follow and compare the development of social enterprises in these two societies. Our research team thus initiated a comparative study on the social enterprises in Taiwan and Hong Kong in 2006. Through completing three surveys and several case studies in the past eight years, we have gradually accumulated more and more research findings with regard to the profile, capacity building, governance and social impacts of social enterprises in both societies. Among them, we discovered that work-integration social enterprises (abbreviated as "WISE"), which mostly established by nonprofit organizations, have distinguished in the comparative study on the social enterprises in Taiwan and Hong Kong. WISE constantly provides dazzling performances when it comes to promoting the employment of disadvantaged groups. More importantly, WISE develops the

¹ According to the survey conducted by Kuan and Wang in 2013, there were about 600 social enterprises with varied types.

operational norms in accordance with the capacity of its service targets. For instance, when it comes to the promotion of the employment for the physically and mentally disabled groups, with the process of job redesign, service targets are able to surpass their limitations and fully utilize their skills to be integrated in the field of employment.

The traditional donation is frequently influenced by the economics, while governmental subsidies or commissioned fees are not stable annually. Therefore, when it comes to the financial resources of WISE, mixed financial resources strategies are more regularly adopted by WISE. For example, we found that the Taiwanese WISE have increasingly adopted mixed financial resource strategies. Children Are US Foundation (CAREUS), a large and popular WISE in Taiwan, is a good example for illustrating this phenomenon. The major financial resources of CAREUS in 2012 were composed of “sale of products and services” (58% of total revenues), “government subsidies and commissioned fees” (18%), and “general donations” (24%). It is amazing that CAREUS maintained a very stable pattern of mixed financial resource approach from 2003 to 2012.

The authors of this paper attempt to make a comparison of WISE in Taiwan and Hong Kong, focusing on two research questions concerning the issue of “resource mixes”. Firstly, are WISE in the two regions increasingly adopting mixed financial resource strategies? Could these strategies sustain over time for the WISE? Secondly, what is the major difference linked to the type of government support provided to WISE in Taiwan and Hong Kong? Would the Taiwanese government tend to implement a number of measures to support WISE creating employment opportunities for people with disabilities? By contrast, would the Hong Kong government operate based on the principle of “laissez-faire” principle and tend to keep direct intervention in the market to its minimal level?

II. Major theoretical perspectives

1. Resource dependence theory

Resource dependence (RD) theory emphasizes that the main factor for an organization to survive depends highly on whether the resources prerequisite for maintaining the functions of the organization exist or not (Pfeffer & Salancik, 1978). The RD theory mainly provides a set of regulatory structure to observe how an organization reduces the external elements that are uncertain and assist her to

obtain the needed resources (Heimovics et al., 1993; Miller-Millesen, 2003). While government depends on the taxation and enterprise depends on the provision of products and goods to obtain the resources needed to function, how the NPOs in the third sector could gather the resources has become a popular theme for the social science researchers. In the past, NPOs were regarded as pure philanthropic groups, depending greatly on private donation to advance the philanthropic relief work. However, until nowadays, varied NPOs have developed in various directions of resource gathering, which naturally got rid of the previous stereotypes. Today, the NPOs focus various social objectives, including service provision, value defending, and policy promotion, etc. As the NPO development tends to be multidimensional, it is apparent that the discussions on the resource gathering become more active.

The ideas on the “resource mixes” strategies could trace back to the “theory of portfolio selection” prompted by Markowitz (1952). The portfolio selection theory indicated that mixed revenue sources could assist NPOs to balance its account and risks. Later on, such theory was widely applied in the field of finance, advocating the ideas of “not leaving all the eggs in the same basket” to split possible risks. According to Froelich (1999), it is obvious that the NPOs in the United States have increasingly adopt resource mixes strategies in response to the increasing competition of the resources. Gardin (2006) also indicated that in an era with multi-economy, the objective of social enterprises not only lies on to complete multiple objectives but also to function as organizations with “multiple-resources”. Such hybridization was based on the economic exchanges in the market, redistribution and reciprocity (Gardin, 2006 ; Laville & Nyssens, 2001). Additionally, the genres of the resources could be categorized as monetary resources and non-monetary resources. The former refers to sales, subsidies and donation, while the latter refers to the donation of goods and volunteers. Nyssens (2006) further highlighted that social enterprise inherits the characteristics of raising multiple resources. As a consequence, it is important to balance the operation of various resources to meet up the social, economic and sociopolitical objectives that social enterprise intends to develop.

Are mixed financial resource strategies able to be sustainable over time for the WISE? Teasdale, Kerlin, Young and Soh (2013) in their panel study on this topic, highlighting that mixed revenue strategies adopted by nonprofits in the United States from 1998 to 2007 appeared less sustainable over time than mainly commercial or mainly donative strategies. One of the major reasons for explaining this phenomenon is that nonprofits find it difficult to balance the competing logics associated with commercial and donative revenue, so a balanced revenue mix may be unsustainable over time. As a consequence, based on their findings, they suggested that “for most

nonprofits, relying predominately on either commercial or donative revenue is a more stable equilibrium than attempting to achieve a balanced revenue mix” (Teasdale et al., 2013: 69).

In sum, as the resources are vital to the survival of an organization, she is forced to respond the requests proposed by the major resource providers. Once an organization depends greatly on the external resources, the external resource providers could have enormous influences to change the final products of the organization. It is due to such feature that while obtaining resources, social enterprises also take the high priority in absorbing the information and opinions provided by the stakeholders. Therefore, when adopting resource mixes strategies, social enterprises not only need to reflect on the appropriate apportions of all the resources as well as the relationships among the stakeholders during the process.

2. Institutional theory

The institutional theory considers that an organization needs to have legitimacy to survive in the society as it brings sufficient resources needed for the organization to survive and development. Legitimacy is the basis for things to be recognized and accepted. When it comes to the government, its legitimacy lies within the constitutional systems and the identification of its people in the nation. The legitimacy of the for-profit sector comes from the relevant economic regulations and the recognition of its customers. Where stands the legitimacy for the nonprofit sector? Su et al. (1999; cited from Feng, 2001) indicated that the three entities that recognize or accept the nonprofit sector include the nation, social organizations and individuals. The recognition of the government implies the authorization of nonprofit activities, while the recognition of social organizations links nonprofit organizations (NPOs) with feasible collaboration and access to resources. The recognition of individuals is related to the individual participation or donation.

The legitimacy endowed by the previous three entities thus becomes the basis for the nonprofit sector to develop public activities. Furthermore, the legitimacy of the nonprofit sector can be divided as legal legitimacy and social legitimacy. Social legitimacy indicates that public interests and common values serve as the ground for social recognition. In addition, social legitimacy is vital for the development and existence of NPO. From the viewpoints of institutional theory, once the social legitimacy of NPO is accepted, the resources will arrive afterwards to boost the survival and development of the organizations. Thus, it is assumed that when NPOs are recognized by social legitimacy, resources from the society will also flood in, as

donation serves as a concrete proof for social legitimacy.

Institutional theory emphasizes that the existence, goals and structures of the organizations would mold gradually under an institutional environment. Such process reveals a form of social construction, thus the activities of the organizations have close relationships with the institutional environments. In other words, the creation and behaviors of the organizations respond to the institutional factors and national policies. Both resource dependence and institutional theories bring attention to how social environments might influence the organizations. However, the difference of the two theories exists in how the pressure is limited in the environments. The resource dependence theory focuses on the types of transaction and exchange of resources, while the institutional theory considers that pressure thrives from the social regulations, expectations, norms and values.

Based on the interpretation of the above perceptions, one of the most important functions of the organizations is about the “resource management”. Resource dependence could be managed by obeying the demands requested by the important resource providers, winning over other contesting forces to reduce or avoid being controlled by the resource providers and finding other alternative resources to avoid possible dependence (Kuan, 2007: 232-233). Pfeffer & Salanick (1978) believed that prominent NPO leaders would acknowledge and modify its position in resource dependence as well as managing the requests for cross-organizational interaction. Such approach would alleviate the uncertainty in the environment and maintain the resource flows without sacrificing its autonomy.

III. Resource Mixes- 2013 Survey Findings

The empirical research data was retrieved from the research project “Study on the Governance of the Social Enterprises in Hong Kong and Taiwan” sponsored by the Ministry of Science and Technology of Taiwan. The research was conducted during the period from 2012 to 2014 with a survey carried out in April, 2013. The questionnaire was distributed to 430 social enterprises (including WISE and social enterprises focused on community development, social cooperatives, service provision and product sales, philanthropic ventures and so on) in Taiwan. 110 social enterprises returned the questionnaire (the response rate- 25.6%); among these, 72 organizations are WISE (65.5%). In Hong Kong, the survey was distributed to 144 social enterprises. 47 of these replied, which gave a response rate of 32.6%, including 29 WISE (61.7%).

1. Operational scale and financial balance

What is the operational scale of WISE in Taiwan and Hong Kong? Table 1 shows that the annual revenue coming from “sale of products and services” for most of WISE in Taiwan ranged 33,000 to 100,000 USD (35.7%), followed by those with revenue fewer than 30,000 USD (24.3%). In total, they apportioned 60 % of the WISE in Taiwan, implicating the operational scale of WISE in Taiwan was rather small.

WISE in Hong Kong mostly received 334,000 to 1.67 million USD (30.8%) for their annual revenue, followed by 101,000 to 166,000 USD (26.9%), below 30,000 USD (11.5%) and 33,000 to 100,000 USD (11.5%). This revealed that the operational scale of WISE in Hong Kong was larger than that in Taiwan. Approximately 43% of the interviewed organizations received more than 334,000 USD for their annual revenues. However, in general, whether in Hong Kong or Taiwan, very few WISE could receive more than 1.67 million USD as annual revenue, which indicated that WISE in both locations remained as small or medium-scale organizations.

Table 1: Annual Revenue of WISE in 2012

WISE Annual Revenue	Taiwan N (%)	Hong Kong N (%)
(1) Below 30,000 USD	17 (24.3)	3 (11.5)
(2) 33,000 ~ 100,000 USD	25 (35.7)	3 (11.5)
(3) 101,000 ~ 166,000 USD	7 (10.0)	7 (26.9)
(4) 167,000 ~ 333,000 USD	7 (10.0)	2 (7.7)
(5) 334,000 ~ 1.67million USD	8 (11.4)	8 (30.8)
(6) 1.67million ~ 3.33million USD	3 (4.3)	1 (3.8)
(7) Above 3.33 million USD	3 (4.3)	2 (7.7)
Total	70 (100.0)	26 (100.0)
Missing Value	2	3

Though the revenue of WISE in Taiwan and Hong Kong was not high, when it came to the financial balance in 2012, 70.4% of the WISE in Taiwan indicated that they have obtained “surplus” or maintained “balanced”; this revealed that WISE in Taiwan had significant financial performance. However, 29.6% of the interviewed organizations still indicated that they received “deficit”. On the other hand, 39.3% of the WISE in Hong Kong received “surplus”, 35.7% of the organizations maintained “balanced”, yet 25% received “deficit” (see Table 2).

However, it is worth to notice that the revenue of WISE in Taiwan and Hong Kong

would have decreased drastically were it not for the government subsidy; 72.3% of the WISE in Taiwan and 47.1% of those in Hong Kong would receive “deficit” (see Table 2-1). Comparing the situation in Taiwan and Hong Kong, after deducting the government resources, more Taiwanese WISEs would meet “deficit”. Therefore, this indicated that WISE in Taiwan had higher dependence on the financial supports provided by the government, while the WISE in Hong Kong had lower dependence due to its capital and liberal market economy.

Table 2: Annual Revenue of WISE in 2012

	Taiwan N (%)	Hong Kong N (%)
(1) Surplus	25 (35.2)	11 (39.3)
(2) Deficit	21 (29.6)	7 (25.0)
(3) Balanced	25 (35.2)	10 (35.7)
Total	71 (100.0)	28 (100.0)
Missing Value	1	1

Table 2-1: Annual Revenue of WISE in 2012 (after deducting public subsidies)

	Taiwan N (%)	Hong Kong N (%)
(1) Surplus	7 (10.8)	5 (29.4)
(2) Deficit	47 (72.3)	8 (47.1)
(3) Balanced	11 (16.9)	4 (23.5)
Total	65 (100.0)	17 (100.0)
Missing Value	7	12

2. Financial resource mixes

This paper intends to explore the financial resource mixes of WISE. Table 3 illustrates the major financial appropriation of the WISE in Taiwan and Hong Kong in 2012. 87.5% of the interviewed WISE in Taiwan responded that their major financial resource came from “subsidies and commissioned fees from government” while only 24.1% of the interviewed WISE in Hong Kong follow the same path. In addition, 68.1% of the WISE in Taiwan and 86.2% of the WISE in Hong Kong generated their financial resources from “sale of products and services”. In addition, 43.1% of WISE in Taiwan received “general donation”, yet only 20.7% for the WISE in Hong Kong. From the above review on the financial resources, it could be found that a higher portion of WISE in Taiwan received financial support from the government, which implied

many WISEs in Taiwan focused on sheltered employment and supportive employment services for the mentally and physically disabled ones.

On the contrary, the major financial resources for WISE in Hong Kong came from income generated by “sale of products and services” (86.2%). Only 20.7% of the organizations accepted general donation and 24.1% received government subsidies and commissioned fees. Such phenomenon clearly stated that WISE in Hong Kong became less and less dependent on the government subsidies and donation (Chan & Lai, 2013). The main reasons were detailed as the following: Firstly, as the Hong Kong government emphasized the principle of liberal market economy and non-interfering policy, thus the policy framework and agenda did not keep a close track with the development of social enterprises. As a result, social enterprises needed to generate their income from the market operations. Secondly, in the recent years, the supporters of social entrepreneurship objected the dependence on government subsidies and advocated to run the operation of social enterprises with commercial models.

Table 3: Major financial resources of the Taiwanese and Hong Kong’s WISEs in 2012

	Taiwan N (%)	Hong Kong N (%)
(1) Sale of products and services	49 (68.1)	25 (86.2)
(2) General donation	31 (43.1)	6 (20.7)
(3) Subsidies and commissioned fees from government	63 (87.5)	7 (24.1)
(4) Membership fee	13 (18.1)	1 (3.4)
(5) Fructus	4 (5.6)	0 (0.0)
(6) Stock bonus	0 (0.0)	0 (0.0)
(7) Others	1 (1.4)	2 (6.9)

* Multiple Choices

3. Role of the government

From the above data analysis, it was found that WISE in Taiwan and Hong Kong possess different expectations towards the roles and presences of governments in different financial resources combinations. This part will further discuss how the governments of the two regions have provided assistances and obstacles for the sales of WISE and how they regard the support measures of government resources. Firstly, WISE in both Taiwan and Hong Kong considered “providing grants for hiring employees” (Taiwan : 79.2% ; Hong Kong : 31 %) to be the most important support measure (see Table 4). However, WISE in Taiwan and Hong Kong have rather different

viewpoints on the effective support measures. For example, WISE in Taiwan received support measures like “support from government for hardware such as premises and equipment” (44.4%), “direct purchase of goods and services by the government” (37.5%), “providing consulting services through onsite visits” (36.1%) and “setting up of relevant websites by the government for integrating marketing information” (30.6%), even if indirect assistance still implied some levels of governmental involvement in service provision.

In Hong Kong, apart from “providing grants for hiring employees,” “provision of premises by the government at a privileged price or free of cost”(27.6%) and “support from government for hardware such as premises and equipment”(24.1%) were the support measures more frequently seen. Other forms of support measures were less seen in Hong Kong; for example, 17.2% of the WISE in Hong Kong considered the government did not provide any support measures, which was far higher than that of Taiwan (4.2%).

Table 4: “Support measures” from the government for the operation of WISE

	Taiwan N (%)	Hong Kong N (%)
(1) Providing grants for hiring employees	57 (79.2)	9 (31.0)
(2) Support from government for hardware such as premises and equipment	32 (44.4)	7 (24.1)
(3) Providing grants for business operation and training	24 (33.3)	5 (17.2)
(4) Provision of premises by the government at a privileged price or free of cost	9 (12.5)	8 (27.6)
(5) Provision of premises by the government at a market price	2 (2.8)	2 (6.9)
(6) Direct purchase of goods and services by the government	27 (37.5)	6 (13.8)
(7) Product endorsement or other help for marketing from the head of the government department	12 (16.7)	2 (6.9)
(8) Providing consulting services through onsite visits	26 (36.1)	4 (13.8)
(9) Authorize professional business consultants or institutions to provide consulting services through onsite visits	23 (31.9)	4 (13.8)
(10) Development of a favorable regulatory environment	6 (8.3)	3 (10.3)
(11) Setting up of relevant websites by the government for integrating marketing information	22 (30.6)	5 (17.2)
(12) No assistance	3 (4.2)	5 (17.2)
(13) Others	1 (1.4)	3 (10.3)

* Multiple Choices

In other perspective, since government could provide support measures for WISE, could there also be some forms of obstacles? Table 5 reveals that WISE in Taiwan and Hong Kong generally considered “the application process of government subsidy was too complicated and increased administrative burdens for the organizations” (47.2% for Taiwan and 51.7% for Hong Kong). This could possibly be a result due to the hierarchy within the government and the increasing public attention on public spending and subsidy. Thus, government needed to impose various majors to evaluate and accredit the administrative process, which naturally brought along a lot of unnecessary difficulties for the WISE during the subsidy application process.

Secondly, “limitation imposed by the government’s regulations” (40.3% for Taiwan and 31.0% for Hong Kong) also created obstacles for WISE in Taiwan and Hong Kong. As a matter of fact, there are no specific regulations dedicated to social enterprises in either Taiwan or Hong Kong. The monitoring and management of WISE all adhered to the existed legal regulations, such as labor laws or legal acts on economic and business to monitor the activities of WISE. Such measures could limit the development of WISE, as the relevant laws could possibly be old-fashioned or out of context. Such phenomenon implied the development of WISE in Taiwan and Hong Kong has been generally limited due to the lack of favorable regulations and health environments and the complicated administrative process.

Table 5: “Obstacles” from the government for the operation of WISE

	Taiwan N (%)	Hong Kong N (%)
(1) Limitation imposed by the government’s regulations	29 (40.3)	9 (31.0)
(2) Strict limitation on the return of funding in the public-funded private-managed projects	5 (6.9)	5 (17.2)
(3) The application process of government subsidy was too complicated and increased administrative burdens for the organizations	34 (47.2)	16 (51.7)
(4) Organizations could not easily realize the regulations on service transfer	15 (20.8)	6 (20.7)
(5) Differences in salary imposed by the government	19 (26.4)	4 (13.8)
(6) Subsidy provision differ between various local governments	20 (27.8)	7 (24.1)
(7) Government institutions could not respond to WISE’s requests (e.g. release of operating license, registration change in land category)	14 (19.4)	6 (20.7)
(8) Others	7 (9.7)	6 (20.7)

* Multiple Choices

The research team wished to further explore whether WISE in Taiwan and Hong Kong believed that “dependence on the government funding would endanger the autonomy of WISE in the long-term”. 40.3% of the interviewed WISE “disagreed” and 9.7% of those “strongly disagreed”; this signified that 50% of the interviewed WISE disagreed or strongly disagreed with such statement. On the other hand, 33.3% “agreed” or “strongly agreed” the above statement. This indicated that more than half of the interviewed WISE in Taiwan did not agree that the autonomy on government funding would endanger the independence of WISE in the long-term.

In Hong Kong, 39.2% of the interviewed WISE “agreed/strongly agreed” with the statement while 42.8% stated “disagreed/strongly disagreed”, presenting a rather interesting perspective where the opinions did not significantly different as that in Taiwan. Once again, this highlighted that WISE in Taiwan considered the acquisition of government resources was a natural decision while WISE in Hong Kong tended to consider the dependence on the government funding would endanger the autonomy of WISE in the long-term. Perhaps this reflected how WISE in Hong Kong functioned with the commercial logics.

The empirical analysis of this part obviously indicates that WISE in Taiwan and Hong Kong differed greatly in terms of financial resource mixes and the government’s roles. In terms of financial resources, it was known that WISE in Taiwan received higher percentage of government subsidies while WISE in Hong Kong obtained its income from market competition. Such results also reflected the different expectations and roles of the governments in both regions.

IV. Case studies

Apart from the surveys, the research team also interviewed CEOs and boards of directors from 10 WISEs in Taiwan and Hong Kong during the research period (6 in Taiwan and 4 in Hong Kong). Among these, the authors selected three WISEs with medium/larger-scale financial status in each region for conducting an in-depth case study. The cases selected in Taiwan included Children Are Us Social Welfare Foundation, Taipei Victory Potential Development Centre for the Disabled and Syin Liu Social Welfare Foundation, while the selected cases in Hong Kong encompassed New Life Psychiatric Rehabilitation Association, Mental Care Connect Company and Yan Oi Tong. Descriptions on how these six WISEs applied resource mixes approaches are detailed in the following part (please refer to Table 9).

1. Six Cases

1.1 Children Are Us Social Welfare Foundation (Taiwan)

Children Are Us Social Welfare Foundation (abbreviated as “CAREUS”) was founded in 1995 in Kaohsiung with the objective to enable the mentally disabled people to receive life-long and proper care while settling in the communities with the capability to work and keep their social networks. The service targets include mentally disabled people aged from 15 to 50, including those with Down’s syndrome, cerebral palsy, autism, and behavior or emotion disorder. To realize its objectives, CAREUS launched the following service programs: bakery and restaurants (the major social enterprise unit for on job training and employment of the mentally retarded children), community homes, interim and short-term day-care services, employment counseling and the CAREUS club, etc.

The commercialization strategy of CAREUS made it the model for the development of social enterprises in Taiwan. The annual revenue of CAREUS in 2014 was 530 Million TWD (approximately 17.6 million USD), with 60% of the income generated by its business units (bakery, restaurant, etc.), 27% with donation and 13% of governmental subsidy (Statistics of CAREUS, 2015). In the passing 10 years, CAREUS maintained its financial autonomy in similar patterns to avoid depending too much on governmental subsidies and public donation. In addition, in terms of the acquisition of resources, CAREUS kept close relationships with the corporations during its development process. For example, Citibank sponsored the CAREUS bakery and issued the co-brand credit cards in 1998, Chunghwa Telecom sponsored the establishment of CAREUS farm and Swan Castle, etc. In addition to the sponsorship of hardware and fees, CAREUS also kept close interaction with the corporations in terms of personnel training, software construction and employment matching. For instance, CAREUS have collaborated with Wowprime Corporation and Asus Group. The social objectives of CAREUS are definite, as the organizations dedicate to provide “lifelong learning” and “lifelong care” for mentally retarded children. In terms of the economic objectives, CAREUS also defined the goals to encourage the designated units for running the business and sales to develop and avoid the limitation imposed by the dependence on governmental resources.

1.2 Taipei Victory Potential Development Centre for the Disabled (Taiwan)

Taipei Victory Potential Development Centre for the Disabled (abbreviated as “Taipei Victory”) is a social enterprise established in 2000 by the Pingtung Victory

Home. The vision of Taipei Victory is “Enabling the Disabled People” and focuses on integrating the physically disabled people into the employment market. Thus, the leaders of Taipei Victory were determined to obtain its financial resources without dependence on donation and government subsidy. Instead, Taipei Victory totally focused on the operation of business and sales units to supply for the organization. For instance, according to the subsidy standards embedded within the People with Disabilities Rights Protection Act, the sheltered workshop of Taipei Victory could have demanded government subsidy. However, in 2013, 96.5% of its total revenue (570 million TWD, approximately 19 million USD) came from business operation while government subsidy only took part 3.5% of the total revenue.

The Taipei Victory valued the collaboration with corporations. Through the collaboration with various enterprises, these business units acquired knowledge and resources and negotiate feasible collaboration with previous working performance. Corporations that collaborate with Taipei Victory include Family Mart, DBS Bank, Chinese Petroleum Corporation (CPC), Melaleuca, and so on. In terms of the achievement of economic goals in 2013, Taipei Victory not only gained almost 600 million TWD of annual revenue but also sheltered 300 employees of various disabled.

1.3 Syin-Lu Social Welfare Foundation (Taiwan)

Syin-Lu Social Welfare Foundation (abbreviated as “Syin-Lu”) was founded in 1987 and it was the first Taiwanese NPO established by the parents of intellectually disabled children. Syin-Lu has had over 25 years of history in providing services to mentally disabled people. The first social enterprise unit established by Syin-Lu was “SL Laundromat” (1997), followed by Community Employment Center (1998), Sheltered Workshops (2001), SL E-Job Workshop (2004), SL Dinner (2004) and so on. These SE units have dedicated to providing cloth washing service, cleansing service, car washing service, product manufacturing and sales, and catering service.

The annual revenue of Syin-Lu in 2013 was around 310 million TWD (approximately 1.03 million USD); the revenue from social enterprise units was about 50 million TWD (approximately 1.67 million USD), which represented 16.1% of the annual revenue (interviewed data, July 30, 2014). The realization of the social objectives of Syin-Lu was more prominent than the actualization of the economic objectives. The development of the business and sales units in Syin-Lu was not entirely for generating more income for the organization, but rather focused more on the sheltered employment and career reconstruction of the intellectually disabled ones.

1.4 New Life Psychiatric Rehabilitation Association (Hong Kong)

New Life Psychiatric Rehabilitation Association (abbreviated as “New Life”) was one of the largest social service organizations for mentally disabled people in Hong Kong. The development of social enterprises could date back to the 1990s. In Hong Kong, as mentally disabled people received severe labels, the unemployment rate was as high as 30%. Therefore, the social enterprise organizations served as the main locations for the employment and training of mentally disabled ones. New Life has launched restaurants (e.g. cafes or catering services), eco-tourism and the brand name “330” (which referred as body, mind and spirit) since the early 1990s. Until March 2013, New Life owned 20 social enterprise units, including “catering services”, “retail services”, “eco-tourism”, “cleaning services”, “property management”, “product direct sales” and so on (Annual Report of New Life, 2012-2013). New Life excelled in social innovation, especially in its creative methods in branding and marketing. The annual revenue generated by the social enterprise units of New Life in 2012 was 55 million HKD (approximately 7.33 million USD), which took part of 21.4% of the total annual revenue of the organization (257 million HKD, around 34.2 million USD). In addition, the social enterprise units also generated around 600 employment opportunities (Annual Report of New Life, 2012-2013).

The social enterprise units of New Life interacted with various organizations. In terms of the interaction with the government, New Life applied various seed grants (including funds for the “Social Entrepreneurship Programme” and “Enhancing Self-Reliance through District Partnership Programme”) while it kept close collaborations with different enterprises. It was worthy to note that the collaboration of New Life and corporations did not lay emphasis on monetary or goods donation; instead, it focused on the transfer of management knowledge and technology exchange. When it came to the achievement of social and economic goals, New Life provided services in catering services, retails and cleaning, which not only increased the income to provide more resources for disabled people and disadvantaged women, but also to provide opportunities for employment and training. In the meanwhile, as the rehabilitating clients also worked in the social enterprise units, they would have various opportunities to interact with the public, which was rather positive for fostering social integration.

1.5 Mental Care Connect Company (Hong Kong)

Mental Care Connect Company (abbreviated as “Mental Care”) was established in 2002. Before then, its parent organization, the Mental Health Association of Hong

Kong have engaged in some employment services and established simulative enterprises to provide employment opportunities for disabled people. Until 2002, with the acquisition of the seed funds from the “Social Entrepreneurship Programme”, the Mental Health Association of Hong Kong founded Mental Care Connect Company as a subsidiary organization. Until now, Mental Care have more than 20 business units, including the Cheers Gallery convenience store, Rehabilitation Express, direct sales, food (Cheers Café and Cheers Bakery) and cleaning services. The services were provided in various districts and hospitals across Hong Kong and the operational focus was the sales of rehabilitation products (Annual Report of Mental Care, 2013-2014).

The total revenue of Mental Care in 2013 reached 91.3 million HKD (approximately 12.2 USD). Among the 143 employees, 98 of them were disabled people, which represented 69% of the total employees. Mental Care did not keep close interactions with the Hong Kong government. Its major activity was to apply for the relevant seed funds to reduce the deficit brought by its operation in the developing periods. Mental Care received 9 million HKD as seed funds from the “Social Entrepreneurship Programme” and “Enhancing Self-Reliance through District Partnership Programme” in the last 10 years, which was not a lot comparing to the daily revenue. Mr. Chung, Executive Director of Mental Care, indicated that it was hoped that the business operation would take part 97% of the total revenue and only 3 % should be represented by government subsidy. This indicated that the operation of Mental Care was rather market-oriented (Annual Report of Mental Care, 2013-2014). When it came to the interaction with the enterprises, Mental Care mainly developed collaborations with suppliers and the Health Authority of Hong Kong. The collaboration with the suppliers was mainly commercial, as they provided goods for Mental Care; with the development in the recent years, more and more suppliers collaborated with Mental Care. The number of suppliers increased from dozens to more than 280 suppliers, which reflected that Mental Care have maintained outstanding collaborations with its suppliers.

1.6 Yan Oi Tang (Hong Kong)

Yan Oi Tang (abbreviated as “YOT”) is a famous social service organization in Hong Kong. YOT started its first social enterprise unit “Green Home” to sell organic food and utensils that are environmentally-friendly. Until now, the social enterprise units developed by YOT include massage service, sales of products for aged people, conversion of waste cooking oil into biodiesel, sports and recreational services, etc. When the social enterprise unit was launched in 2007, YOY hoped that a group of

women would be mobilized as a network to strengthen their civil power and create work opportunities based on their interests. Apart from applying the environmental education fund from the government and renting factories to encourage women in making soap, YOT also assisted them to apply for the Community Investment and Sharing fund to create community economy. It was hoped that the inhabitants could use their skills to organize a “folklore intelligence group” and promote community economy with community tokens.

In sum, Yan Oi Tang attempted to use various approaches to assist the women in improving their networking capacity. Once the funds were used, the above two business units became independent business units as “Green Women Cooperative” and the “Folklore Intelligence Group”. According to the 2012-2013 annual report of YOT, the revenue of social enterprises in 2012 reached 29.3 million HKD (about 3.9 million USD), which represented 8.4% of the total annual revenue of 349.2 million HKD (about 45.6 million USD); this implied the business scales of the YOT social enterprises units were rather small.

The interaction between YOT and the government was limited to the government fund that aided the operation of the social enterprise in the early development stage. The massage service unit as well as the Green Home shop received the funds from the “Enhancing Self-Reliance through District Partnership Programme” to start up the business. Additionally, YOT also collaborated with various corporations.

2. Comparison of the Financial Resources of the Cases in Taiwan and Hong Kong

The previous part elaborated the six WISE cases in Taiwan and Hong Kong (see Table 6). All of the total annual revenue surpassed 10 million USD; two of the three WISEs in Hong Kong received more than 30 million USD as annual revenue; therefore, these WISEs could be considered as large-scale organizations. However, when reviewing the revenue of the business units of the social enterprises, two of the six cases mentioned previously were medium-scale organizations, including Syin Lu in Taiwan (approximately 1.67 million USD) and YOT in Hong Kong (approximately 3.91 million USD); the other four WISEs had higher operational scale as their revenue was between 7 million USD to 19 million USD.

In terms of the financial resources of the organizations, out of the three WISEs in Taiwan, CAREUS received 0.53 billion TWD (approximately 17.6 million USD) for its total annual revenue in 2014; among which, 60% of the revenue was generated from

its business units, which was mostly contributed from the sales and operation of bakery and restaurants. 27% of its revenue lied in public donation and another 13% came from government subsidy. The financial resources were rather mixed since 2003 and it has stayed stable even until 2014.

Taipei Victory is one of the WISE with outstanding operations among the social enterprises in Taiwan. Its social enterprise units were rather diversified, ranging from bakery, service stations, digital printing shops and the operation of Family Mart. The total revenue of Taipei Victory in 2013 was 0.57 billion TWD (approximately 19 million USD); 96.5% of the revenue was generated from its business operations, while the rest of the 3.5% came from government subsidy. This indicated that the financial resources of Taipei Victory practically depended entirely on its business operations and it had lesser demands on the government's resources and private donations. The revenue of the business units of Syin Lu in 2013 was 50 million TWD (approximately 1.67 million USD), which only represented 16.1% of its total annual revenue. Syin Lu depended greatly on the government subsidy and commissioned fees, followed by public donation.

As for the WISE in Hong Kong, New Life had nourished its development greatly in its operation of social enterprises; its business scope ranged from retailing, catering services, eco-tourism, cleaning services, property management and direct sales of products. The social enterprise units of New Life not only received business revenue, it also received government subsidy, business income, Community Chest of Hong Kong and private donation, which dispersed and diversified its financial resources.

As for Mental Care, whose parent organization was Mental Health Association of Hong Kong, it owned more than 20 business units in Hong Kong and Kowloon. Most of these business units were retail shops that sell rehabilitation products, which provided employment opportunities for disabled people. The revenue from the social enterprises represented almost 97% of the annual revenue, while the other 3% came from the government's seed funds. Therefore, the business income was vital for the survival of Mental Care just as the regular enterprises in the market mechanism.

The last WISE, YOT, applied for the funds of the "Enhancing Self-Reliance through District Partnership Programme" provided by the Home Affairs Bureau of Hong Kong to obtain fund in activating its social enterprises. Soon afterwards, all the social enterprise units of YOT took full responsibility of its balance and no longer received subsidies from the government.

In general, the WISE in Hong Kong held the social goals in providing employment opportunities for disabled people and alleviate poverty, which was especially true for the cases of New Life and Mental Care. In another hand, the social goals of YOT were more extensive; the organization intended to assist disadvantaged groups instead of just the disabled people. All of these WISEs focused on the maintenance of their revenues generated through business units. Though they also received some subsidies from the government, it was rather obvious that they followed the market mechanism to maintain their operations.

Governments in Taiwan and Hong Kong differed greatly in terms of their roles in providing resources to the development of WISE. Unlike Hong Kong, there were no official funds in Taiwan dedicated to encouraging NPOs to boost social enterprises. However, there existed a law that demanded the Taiwanese government institutions to give priority in purchasing the products and services from the sheltered workshops or welfare organizations where physically or mentally disabled people work. Thus, government units utilized the above method to assist the development of WISE indirectly. Unlike Taiwan, the Social Welfare Administration of the Hong Kong Government provided “Social Entrepreneurship Programme” funds while the Home Affairs Bureau provided funds for the “Enhancing Self-Reliance through District Partnership Programme” where NPOs could apply and utilize as seed funds for developing social enterprises. These seed funds were supplemented by a regular assessment in order to enforce the accountability, as they believed the social welfare service organizations should operate more efficiently. In sum, the roles of the governments and the devotion of the resources in Taiwan and Hong Kong differed greatly. WISE in Taiwan depended greatly on government resources, while WISE in Hong Kong demanded certain level of performances and emphasized on the market mechanism.

Table 6: Strategies of Resource Mixes adopted by the WISE in Taiwan and Hong Kong – Six Cases

	Organizational Size	Type of Service/Product provided by the SE Units	Strategy of Resource Mixes	Role of the Government
CAREUS	2014- Total Revenue: US\$17.6 M Revenue from SE: US\$10.6 M Staff of SE : 330	Catering services; Bakery- bread and cakes	2014- Revenue from sales: 60% Government's grants/ subsidies: 13% Donation: 27%	1. Subsidize personnel and equipment cost. 2. Purchase products and services. 3. Provision of space and facilities.
Taipei Victory	2013- Total Revenue: US\$19.0 M Revenue from SE: US\$18.4 M Staff of SE : 300	Data entry; gas station; convenience store; product manufacturing and sales (art design, manual colored glaze, cultivating orchid seedlings); catering services	2013- Revenue from sales: 97% Government's grants/ subsidies: 3% Donation: 3%	1. Purchase products and services. 2. Provision of space and facilities.
Syin-Lu	2013- Total Revenue: US\$10.3 M Revenue from SE: US\$1.7 M Staff of SE: 160 (2010)	clothes-washing service; cleaning service; car-washing service; product manufacturing and sales (hand-made scented soap, popsicles, gifts); catering service	2013- Revenue from sales: 16% Government's grants/ subsidies plus donation:: 84%	1. Subsidize personnel and equipment cost. 2. Purchase products and services. 3. Provision of space and facilities.
New Life	2012- Total Revenue: US\$34.2 M Revenue from SE: US\$7.3 M Staff of SE: 600	Catering services; retail service; eco- tourism; cleaning service; property management; direct selling/marketing	2012- Revenue from sales: 21.4% Seed money from the HK government: Yes	Government provides seed funds.
Mental Care	Total Revenue: US\$12.2 M Revenue from SE: US\$12.2 M Staff of SE: 143	Convenience store; rehabilitation express; catering services; bakery; cleaning services	2013- Revenue from sales: 97.0% Seed money from the HK government: 3%	Government provides seed funds.
Yan Oi Tang	2012- Total Revenue: US\$46.6 M Revenue from SE: US\$3.9 M Staff of SE: NA	Product manufacturing and sales (organic foods, daily commodities for the elderly, organic oil etc.); massage service; sport & vacation service	2013- Revenue from sales: 8.4% Seed money from the HK government: Yes	Government provides seed funds.

Source: Compiled by the author from materials provided by CAREUS, Taipei Victory, Sin Lu, New Life, Mental Care, and Yan Oi Tang.

V. Conclusion

The research purpose of this paper is to explore the similarities and differences of WISE in Taiwan and Hong Kong in resource mixes approaches and the roles of governments in resource provision. When observing the financial resource mixes strategies in WISE, apart from the revenue generated from direct sales, WISE in Taiwan still depended significantly on government subsidies; its dependence on the general donation was also rather high comparing to that of Hong Kong. Additionally, the diversification of resource mixes of WISE in Taiwan was higher than that in Hong Kong. As for the WISE in Hong Kong, the capitalist market mechanism was rather obvious, which prompted the management of WISE to depend more on the market approaches as the institutional theory highlighted. Therefore, the operation had followed the demands and expectations of commercial management area. Business units of New Life, Mental Care and YOT all intended to take full responsibility of its own profit and loss.

Though this research did not compare the governance and function of WISE in Taiwan and Hong Kong, from the statistics obtained in 2013 survey, it was found that there were a higher percentage of corporation leaders and managers took part in the Board of Directors for the WISE in Hong Kong. These Board members were often authorized to monitor the social business units within the organization. Quite a few business specialists joined the Board of Members of YOT, Mental Care and New Life. In addition, the management of social enterprises also required professional managers to operate. Therefore, the WISE in Hong Kong also tended to recruit professional managers with salary equivalent to the market values, which once proofed that the WISE in Hong Kong turned to maintain a higher level of marketability².

On the contrary, when reviewing the governance structure of the most WISE in Taiwan, most of the Board Members still remained specialists in social welfare, representative of parents of the disabled people or social leaders; very few business

² Salary level for the employment of professional managers contrasts greatly in the WISE in Taiwan and Hong Kong. According to the research conducted by this study, about 52.5% of the interviewed WISE in Taiwan recruit professional managers with “salary level similar to the general market standards” while 66.7% of the interviewed WISE in Hong Kong hire the professionals in the same conditions. Yet, about 43.5% of the interviewed WISE in Taiwan recruit professional managers with “salary level inferior to the general market standards” while only 27.8% of the interviewed WISE follow the same principles. Thus, the above findings confirmed the development of WISE in Hong Kong is deeply influenced by the market mechanism while the development of WISE in Taiwan is profoundly affected by the roles of civil society and government.

specialists entered the WISE Board of Members. CAREUS was an exceptional case. The management experiences that Mr. Su (the founder of CAREUS) had acquired in the factories along with other Board Members valuing the participation of business experts, which has prompted the development of CAREUS to flourish. Recently, due to the operational needs of the WISE in Taiwan, more and more WISEs have attempted to attract professionals to join the Board of Members. However, the actual management still remained to be rather traditional. Whether the Board Members from business and management field could monitor or provide consultation still needed a further observation. Due to the dispersed and diversified features exposed on the financial resource mixes of Taiwanese WISE, we consider that it is significant for this kind of organizations to connect with governments, corporations and the people because they can be the potential providers for the financial resources. On the contrary, as liberal market economy functions well in Hong Kong, the management of WISE tends to emphasize the applicability of the business model. As a consequence, the roles of professional managers are signified.

In addition, when it refers to the governments' roles in the financial resource mixes strategies of WISE, how the governments of Taiwan and Hong Kong portray their roles indeed differ. Taiwanese government has been actively devoted to the relevant actions. Since 2014, the Ministry of Economic Affairs of Taiwan started to promote the "action plans for social enterprises" which encompassed tasks ranged from adjusting relevant regulations, constructing information and communication platform, generating more funding for social enterprises and providing consulting services in wish to create an environment suitable for the innovation, entrepreneurship, growth and development of social enterprises. Therefore, it is obvious that the Taiwanese government intends to build an eco-system that is suitable for the development of social enterprises.

Despite WISE in Taiwan have benefited the government's subsidy and other non-monetary assistance, they were still limited by the administrative institutions at some points; the complicated administrative process have created burdens for the WISE, and the limitations of legal regulations and the unhealthy institutional environment could possibly block the development of WISE. The institutional theory outlines that compulsory, imitative and regulatory mechanisms profoundly influence the operation and survival of the organizations. Compulsory regulations are constructed by the governments as the regulations represent legal and legitimate authority; organizations that intend to interact with the government need to follow the restrains accordingly. Thus, if WISE in Taiwan wishes to receive the government resources, they have to follow the regulations established by the government.

However, the regulations and process that the organizations need to comply entrap the “applicants” and reflected the dilemma that WISE in Taiwan might encounter. On the contrary, the Hong Kong government only provides seed funds as subsidies along with its relevant regulations. WISE in Hong Kong follows the principle and only utilizes the subsidy mechanism at the developing stage. Once the social enterprises start their operations, these organizations understand that they have to be self-reliant. Therefore, in terms of the eco-system for the development of social enterprises, the Hong Kong government obviously advocates these organizations to seek for market values and remain competitive.

Lastly, the authors would like to underscore that it might be more appropriate to replace the cross-sectional study with the longitudinal study to review the resource mix approaches of WISE, which is able to effectively monitor the long-term tendency of the resource mixes. Related discussions include the empirical research conducted by Teasdale et al. (2013) on the NPOs in the United States from 1998 to 2007. It was found that the financial resource mix strategies might not necessarily provide better continuity and stability. On the contrary, their findings revealed that many NPOs still operate commercial operation or traditional donation in wish of obtaining resources for the organizations. What are the implications of the resource mixes perspectives and models for the WISE in Taiwan and Hong Kong? How is the tendency presented in the long-term? These are critical questions that the research team wishes to explore in the near future.

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