



EMES CONFERENCES

SELECTED PAPERS SERIES

3rd EMES International Research Conference on Social Enterprise
Roskilde (Denmark) - July 4-7, 2011

THE RESOURCE MOBILIZATION OF COMMUNITY-BASED SOCIAL ENTERPRISES IN TAIWAN

Shu-Twu WANG

Department of Social Work, National Pintung University of Science and Technology, Taiwan

Yu-Yuan KUAN

Department of Social Welfare, National Chung Cheng University, Chiayi, Taiwan

Kam-Tong CHAN

Department of Applied Social Studies, Hong Kong Polytechnic University, Hong Kong

Copyright © 2011 Shu-Twu Wang, Yu-Yuan Kuan and Kam-Tong Chan

Any portion of these materials is freely available for information and educational purposes, but cannot be re-published in any format that may entail fees or royalties without the express permission of the copyright holders.

ABOUT THE EMES CONFERENCES SELECTED PAPERS SERIES:

This series aims to ensure that selected papers from conferences in which EMES has been involved will be accessible to a larger community interested in the third sector and social enterprise.

EMES Conferences Selected Papers have not undergone any editing process.

All the papers of the series are available for download at www.emes.net.

1. INTRODUCTION

It was in 1965 that the Taiwanese government announced community development as one of its major social policies. Yet because the Taiwanese society was constrained considerably by the power of the authoritarian system, the focal point of community development still placed emphasis on controlling the people's consciousness. After the Martial Law was abolished in 1987, civil organizations in Taiwan started increasing in numbers. In 1991, the government amended the "Policy Guidelines for the Work of Community Development", adopting the association's operating style for managing community organizations, driving public facilities and construction, community economic development welfare, and community moral development, in order to formalize community organizations and to begin to impart the concept of advancing community-based enterprises.

After the 1990s, the government of Taiwan started to realize the significance of civil society and that participation from community organizations could be an asset the government can tap into for promoting community development. With that, each government unit rolled out their own series of programs and projects. For example, the Council for Cultural Affairs of the Executive Yuan launched its "Community Empowerment" in 1994; the Ministry of Economic Affairs drove its "Image Business District", "Business Zones", and "Community-based Enterprises Renewal" projects in 1995; the Ministry of the Interior also presented the "Welfare Community" plan, "Environmental Reforms" activities, and "Urban-Rural Landscape Reconstruction Movement" project in 1997, and the "Learning Community" program and "Agricultural Community Development" in 1998 (Hsiou 1999). After the year 2000, the government pushed its "Formosa Community Agenda" from its "Challenge 2008: National Development Plan", integrating distinctive cultures and traditions, space and environment, and local enterprises, in order to develop the localities' attraction. The government also drove its "Taiwan Healthy Community Six-Stars Project" in 2005, identifying enterprise development, social welfare/medical care, public security, culture and education, environment and landscape, and environmental protection as its six goals for community development.

It can be deduced from above that the enterprise development for communities in Taiwan is under the umbrella of community development policies. It can also be observed that the development of community-based enterprises is considerably affected by incentives from government policies.

Besides using the direction of community development as the foundation for promoting community-based enterprises, community employment is also a crucial aspect. Since developing enterprises would need human resources, advancing the employment opportunities for residents would achieve enterprise development and reduce unemployment. After the 921 Earthquake in 1999, the government rolled out its "Employment and Reconstruction project" (workfare project) through its hiring strategy in order to satisfy the high demand for manpower for post-disaster reconstruction, and to alleviate the unemployment issues and provide disaster victims with financial support. In 2001, the Council of Labor Affairs referred to European Union's "The Third System" to advance its methods for employment systems and launched the "Sustainable Employment Program", hoping that local governments and civil organizations may cultivate the capabilities of the unemployed to return to the work force and promote the local employment environment and job opportunities. In 2002, the Council of Labor Affairs carried out the "Multi-Employment Promotion Program", in which the objective is to link the government with civil organizations by subsidizing economic or social projects with originality, locality, and expansibility in order to promote the development of local enterprises, drive job opportunities,

lead unemployed individuals into participating in planning, connect those who are willing to work, rebuild their self-confidence for working, and cultivate their abilities to return to the work force.

Taiwan's community organizations are often attached to the government's institutional conditions. However, with the government driving its policies, not only are these community organizations developing rapidly, but they also become more self-aware, striving for resources from different sectors on their own initiative and thereby forming the usual bottom-up exercise from civil society. Although this kind of power can be largely attributed to the government's policies, major disasters, economic issues, elevated civil consciousness, and diversified social development are also vital elements. There are related literatures on how communities solve economic problem, especially for middle-to-old aged unemployed individuals, such as the Hsin Kang Living Room Restaurant hiring middle-to-old aged unemployed women; certain communities based on enterprises or ecological conditions develop localized industries such as organic rice business in the Wan-An community, ecological tourism business in the Gang-Bian community, or cultural business centered on leisure and tourism (Chiou and Kuan 2009; Wang et.al. 2010).

According to Peredo and Chrisman (2006), communities must construct a shared value and innovation and should have an adequate grasp of its socio-economic environment to develop a social enterprise. Diverse macro environmental conditions, societal arrangements, and culture values play a vital role in fostering entrepreneurial activities. Thus the rise of community-based social enterprise (CBSE) can be attributed considerably to the government's policies (Kuan 2007). However, because community organizations are still managed and planned by the residents, it is important to know how they get the participation of the locals in order to make strategic decisions for the development of CBSEs and to promote their sustainable progress.

For community organizations to invest in CBSEs, operating requirements would include the integration of manpower with internal resources, and at the same time bringing in external resources in a timely manner. Thus, community organizations investing in CBSE is inevitably a dynamic process of resource mobilization. They must also consider the social capital of the CBSE operators since it ought to be rooted in the shared values of the community, combining the members' social networks and trusting relationships in order to promote an organizational framework with both economic and social objectives (Wallace 1999; Woolcock and Narayan 2000; Peredo and Chrisman 2006).

Based on the explanations above, this paper then applies social capital and resource mobilization perspectives to study the present situation and characteristics of CBSEs in Taiwan. The rationale behind using these two theories is based on the requirements for CBSEs to develop and progress: getting participation from the community residents, achieving a common consensus, and then using the interpersonal networks within the residents to acquire the resources CBSEs would need to develop. Moreover, operating CBSE would require them to have an organizational platform as an agency. The leadership and strategies of community organizations would be able to guide CBSEs towards their designated directions (McCarthy and Wolfson 1996).

The analytical method employed by this paper has two primary segments: the first segment uses empirical data drew from a project commissioned by the Taiwan Ministry of the Economic Affairs in 2009 entitled "A Study on Taiwan's Charity Capacity-building – Anti-Poverty Experiences and Strategies". This project conducted its survey via questionnaire in May 2010. From the 116 questionnaires collected, we used three conditions to select the sample for CBSEs. First is if the respondent selects "community development association" as its organization type, second is if the respondent selects "community empowerment" as its organization's objective, and third is if

the respondent caters to “community residents” as its primary target for their services. After doing a cross-comparison, this paper selected 43 CBSEs as the basis of analysis for its survey materials. On the other hand, this paper selected three CBSEs in Taiwan as its case studies: Central Taiwan’s Lon Yan Forest community, Southern Taiwan’s Qui Lai community, and Eastern Taiwan’s Wan An community. The primary characteristic of these three communities is that they have developed their respective localized industries. The process in which these communities developed their industries, how they formed internal common consensus, how they integrated assets and resources in order to complete their social objectives set by the CBSEs, are all used in this paper as its objectives for analysis.

2. LITERATURE REVIEW

2.1. Community-Based Social Enterprise

Traditionally, the primary function of community organizations in Taiwan is for welfare and care service provision catered mostly to the elderly. Yet these organizations could also focus on other issues to target their services towards, such as alleviating poverty experienced by their residents, unemployment experienced by women, and enterprise development. To address these more complicated community issues, however, community organizations would need more diversified support groups and resource mobilization. Bowen et al. (2000:3) described that “All communities face situations in which the community as a collective must take action. All communities face contextual changes and challenges that involve health and well-being, and all communities contain components of formal organizations and informal support”. Obviously, community organizations are vital venues to show the power of a community’s collective action.

A community is formed by many residents living in a common area. But because society is changing rapidly and people become more distant from one another, the concept of a community is no longer like the traditional agricultural society wherein the community is based on the network of relationships between relatives and neighbours. Residents of the present community do not easily interact anymore. Thus, there must a platform for organizations to interact, in order to form collective actions that can impact the community. As highlighted by McCarthy and Wolfson (1996), an agency is a key factor in developing and broadening collective action. To achieve the community’s goals, community organizations are vital agencies for their residents, become an integrated power, condense the needs and ideals of its residents, and combine the individual strengths of the public. Thus, community organizations could become a strong and powerful public and culture-creating social system (Milofsky & Romo, 1988).

It is necessary for different sectors to coordinate and work together in order to effectively respond to social issues, especially with diverse community problems. The boom of CBSE in Taiwan could, to a certain degree, be considered as a form of response to these social issues as well. Peredo and Chrisman (2006:310) defined “the concept of community-based enterprise (CBE), which we define as a community acting corporately as both entrepreneur and enterprise in pursuit of the common goods. CBE is therefore the result of a process in which the community acts entrepreneurially to create and operate a new enterprise embedded in its existing social structure”.

Peredo and Chrisman (2006:316-318) believes that the formation of CBSE is influenced by four factors. These are: 1) triggered social/economic stress, 2) a product of incremental learning, 3) dependent on social capital, 4) community size. First, CBSE could be formed due to the community’s need to address economic and social problems such as economic crisis and a lack

of individual opportunity; the processes of social disintegration; social alienation of a community or subgroup from mainstream society; environment degradation; postwar reconstruction; and volatility of large business. CBSE aim to develop responses towards the various threats the community is facing, and investing in this line of work would need active participation from the residents as well in order to initiate economic opportunities and bring social value into full play.

Next, CBSE is an outcome that is rooted in collective experience. The accumulation of knowledge through experience would be very beneficial for the community when they decide to invest in a specific industry. Third, social capital is the primary resource of the community. The community itself is the most principal and most valuable resource for the CBSEs. At the same time, the emergence of CBSE is also due to the insufficiency of a certain vital material or resource. Residents must go through the CBSE framework and use its social network (social capital) to meet their needs. Lastly, the size of the community can also influence the operations of CBSE. It would be best if resources that the community possesses or has an abundance of are invested into the CBSE. Yet if in general, communities are poor, there won't be enough resources as foundation for CBSE to operate. Thus based on its capacity for resource allocation, CBSE should not be founded in very small communities. It would be beneficial for the CBSE operations if they are maintained at medium to large scale (around 700 members).

Viewing a community as an entrepreneur, it can be derived that a CBSE's structure and performance can be affected by how the community integrates related methods and values such as traditional or new technology, experiences, and partnerships. The community addressing internal circumstances or issues through developing a business model could be a value-creating and innovative method. This method has a considerable functional existence in present conditions such as in alleviating poverty and protecting the community's ecology (Peredo and Chrisman 2006: 309). In this process, CBSE could be the force that brings residents in the community closer, through the community collectively caring about certain issues, promoting the development of industries, or acquiring more resources to take care of those in the community that are in need of support.

2.2. Social Capital Theory

It was only recently that people started to place value and emphasis on the social capital theory. Primarily, it was Putnam, a US scholar, with his two books "Making Democracy Work" and "Bowling Alone" published in 1993 and 2000 respectively that triggered extensive response and attention. Putnam et. al. (1993) defined social capital as "those features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions." In other words, individuals collectively give themselves into public affairs or form organizations, thereby building interpersonal relationships, connecting networks and collective value frameworks, so that participants can follow through with their actions and lay the foundation for forming trust among one another. This is not only beneficial towards the individuals' relationships, collectively working together towards a common goal, but it also becomes a cornerstone for the formation of an integrated positive society – connecting networks between individuals and resources between organizations. Likewise, while Putnam (2000) was studying social capital, he paid more attention to the many social problems in our present times. For example: the collapse of traditional social systems, the detachment of interpersonal relationships, the diminishing of trust, low participation in politics, instability of the marriage institution, and high crime rates. These issues were rooted in man not willing to have more active social participation and interaction with one another, which led to social capital unable to accumulate, causing these social problems to continue to worsen.

Coleman (1988) once pointed out that social capital exists within the framework of interpersonal relationships. This is an individual asset and its value lies in the fact that the person can use this to realize their benefits. Putnam (2000) then considered that social capital has the characteristics of a community organization (including networks, standards, and trust), and can promote coordination and partnership for mutual benefits. Lin Nan (2001:3) then pointed out more concretely: "capital is an investment of resources with an anticipated return or value, while social capital is embedded within the social network, a resource that can be used or obtained through a purposeful action." Lin Nan (2001) thus concluded a statement on social capital, listing this perspective which has three dimensions: (1) social network and embedded resources, (2) community organizations and civil participation, and (3) general trust or distrust. The prerequisite for applying this perspective on the organizational level is the individual must be a member of the organization, or participate in organizational activities, so that social capital can be effectively formed. The degree of civil participation is a response to the collective capital and a macro phenomenon.

Non-profit organizations (NPO) play a positive and significant role in the creation and sharing of social capital. An NPO's role as an intermediary and its public welfare nature provides opportunities and channels for people to associate and discuss, creating and condensing lively network relationships and common consensus. Sustained participation can gradually lead to mutually beneficial partnerships, and a value framework that everybody trusts and abides by. The creation and accumulation of social capital has similar characteristics with common wealth in which participants all share, allowing for the possibility of the individual's personal gain transforming into the collective's common benefits. Furthermore, people have different backgrounds and statuses in the present society. It is no longer identification and trust based on exclusive blood relations or proximity in geography; through the non-exclusive and spontaneous social activities of the NPOs today, people have more diverse interpersonal relationships and understanding. There is a high possibility of the participants' own networks or relationships intersecting with one another. This then leads to the bridging effect. Participants would have more information and resources to share, so that social capital can have more fluidity, allowing people to trust outside the natural limitations set by traditional identification through region or clan, thereby creating a broader public trust under an environment in which everybody's willing to trust and share. This would be favorable in bringing about a larger scale partnership and collective action, contributing to a harmonious society with flourishing development (Fukuyama 1994; Lin 2001). Putnam (1993) also emphasized that civic communities are not products of economic abundance. In fact, when looking at it from a cause-effect relationship, civil communities not only bring about political participation, but also promote business partnerships. Thus, they are the reason behind economic development, and not the outcome. The formation of civil communities contributed towards partnership and trust between individuals, thereby resulting in a strong social capital.

2.3. Resource Mobilization

Resource mobilization centers on political and organizational topics, emphasizing the presentation of organizational collective action and the possibility of increasing the resources obtained (Jenkins and Perrow 1977). Many discussions related to resource mobilization would center on the opposing relationship between social movement and political power, or that the objective of mobilizing "resources" is to contend with the government. However, this paper defines "resources" as the finances, manpower, and material resources that organizations can use. Recently, other studies have focused on the resource mobilization type and size that influences collective action, analyzing the organizations' roles, strategies, and overall structure in their mobilization process (McCarthy and Wolfson 1996).

In the past, many studies would center on cash, labourers, and laws and standards as the resource headings in their discussions on resource mobilization. However they overly emphasize on cash as a resource, yet overlook the significance of willing labourers on collective action. CBSEs are also established based on the residents' concern for their communities, voluntarily giving themselves in order to run these enterprises. McCarthy and Wolfson (1996) proposed three mobilization models unlike in the past from the perspective of local mobilization: agency, strategy, and organization.

“Agency” is a key factor in developing and broadening collective action. This refers to the number of individuals actively invested in the collective action, and not the capabilities of these individuals. The resources and roles of the community organizations structure can be understood from agencies. As important movers in community development, agencies can mobilize the number and types of resources, which would be helpful in understanding the operations of community organizations. Fireman and Gamson (1979) used agency or organization's leadership as a model for resource mobilization, pointing out that this model can obtain effects through agency shown as follows: first, this can aid the members in understanding their common interest; second, this allows for visibility on the possible opportunities and threats others could bring in with them; third, this can propose the course of action; fourth, this can condense common consensus and communication; fifth, this can effectively form strategies; sixth, this can integrate action. Thus, an organization with needed specialization or capable leaders can bring in an abundance of resources for the organization. At the same time, if the leaders can build and connect external networks and relationships, this could be an important social capital for resource mobilization framework as well.

The second model is “strategy”. It can be noted from previous studies about organizations or social movements that whether a strategic role is successful for an organization or not is a significant and critical key. General strategies include: (1) public education, for attracting the general public; (2) direct services, providing services for those in need of assistance; (3) structural transitions, aiming to change the current situations such as in legal, authority, and even systematic changes (McCarthy and Wolfson 1996: 1072). Moreover, NPOs must also pay attention to the environment's transition factors (Barman, 2002). In consideration of the fact that communities have lesser hinterlands, many community organizations must rely on investments from external resources in order to effectively launch related community services. Thus, the interaction between community organizations and their external environment is a vital key that influences the organizations' acquisition of resources, so there may be times that organizations adjust their framework in order to respond to the environment for resource acquisition (Milofsky and Romo 1988).

Lastly, the organization model emphasizes the force of mobilization created by organizations with collective activities. Some analyses would focus on the process of formal organizations, which could then over-emphasize centralized and bureaucratized issues in their focus area. In reality, the bureaucracy in many regional volunteer organizations is mostly flat with no major variations. In order to understand regional organizations, it would be more significant to focus on the organizational structure and leadership process (McCarthy and Wolfson 1996)

3. THE FINDINGS OF THE 2010 SURVEY ON CBSE IN TAIWAN

This paper bases its discussion on the findings from its survey via questionnaires conducted in 2010, studying the profile of CBSEs in Taiwan at present. The items to be discussed include the organizations' years of establishment, the CBSEs' time of initiation, purpose, mode of operations, annual sources of funds, employment scale, and channels of sales and services.

3.1 Time of Establishment

With regard to the parent organization's year of establishment (Table 1), the majority of the respondents was established during the period from 2001 to 2005 (42.9%); this is followed by those established from 1996 to 2000 (21.4%). There was a wide margin of growth for CBSE parent organizations in Taiwan after 2001. This could be attributed probably to the government launching its employment policies in 2001 such as the "Sustainable Employment Program" and the follow-up program "Multi-Employment Promotion Program". They targeted primarily on nonprofit organizations (NPOs) with the subsidization offer, which caused the rapid increase of NPOs during this period.

Table 1: Years of establishment

	Frequency	Percentage	Cumulative Percentage
(1) Before 1990s	2	4.8	4.8
(2) Between 1991- 1995	8	19.0	23.8
(3) Between 1996- 2000	9	21.4	45.2
(4) Between 2001- 2005	18	42.9	88.1
(5) From 2006 to now	5	11.9	100.0
Total	42	100.0	

3.2. Time of Initiation and Major Purpose

The authors of this paper then studied the start-up timing of CBSEs (Table 2). Findings show that majority of CBSEs started in 2006 (50.0%). Approximately 81.6% of NPOs started operations after 2001. These findings echo the history of CBSE development in Taiwan as a response to the grave disaster (921 Earthquake) and unemployment problems, and as a solution for the communities' economic problems (such as returning to the rural areas due to unemployment). The disaster problem was a crucial driving force behind the development of CBSE, while promoting employment through CBSEs is an important approach to solve this problem within the communities.

Table 2: Start-up timing of CBSE in Taiwan

	N	%
(1) Before 1990	-	-
(2) Between 1991 & 1995	3	7.9
(3) Between 1996 & 2000	4	10.5
(4) Between 2001 & 2005	12	31.6
(5) From 2006 to now	19	50.0
Total	38	100.0

Next, we looked into the purpose or objectives behind the establishment of these CBSEs (Table 3). The top objectives these respondents selected were: “to help vitalize community development” (66.7%), “to create employment opportunities for the disadvantaged” (61.9%), “to apply for relevant subsidies from the government” (57.1%), and “to improve the self-sustainability of the organization” (52.4%). Overall, in comparison with the details proposed by Defourny (2001) about using economics and society to explain CBSEs, the social objectives behind the establishment of Taiwan CBSEs include vitalizing community development, creating employment opportunities and sources of income for the disadvantaged, and promoting community welfare, and solving community problems; while the economic objectives include acquiring more resources from the government to balance their resources, and improving self-sustainability through income from their businesses. Thus, the objectives behind the establishment of CBSEs include both social and economic objectives.

Table 3: Objectives of establishing CBSE in Taiwan

	N	%
(1) to apply for relevant subsidies from the government	24	57.1
(2) to provide vocational training	18	42.9
(3) to create employment opportunities for the disadvantaged	26	61.9
(4) to raise incomes for the disadvantaged	18	42.9
(5) to enhance the social adaptability of the disadvantaged	11	26.2
(6) to improve the self-sustainability of the organization	22	52.4
(7) to take care of the individual needs of the disadvantaged (e.g., rehab, flexible working time)	4	9.5
(8) to better the brand name of the organization effectively	10	23.8
(9) to increase income generation for the organization	14	33.3
(10) to ease the social and economic problems in the community	13	31.0
(11) to help vitalize the community development	28	66.7

* Multiple choices

3.3. Mode of Operation

On the subject of CBSE's mode of operations, segregating by "form of service" (Table 4) resulted in "ecological and tourist attractions" as the highest (45.0%), followed by "production team" (32.5%), and "service team" (30.0%). These results show that CBSEs place great importance on the integration of local industries with ecological systems. Because there are many CBSEs in Taiwan that possess good conditions for ecological education, and the increase in environment protection awareness in the recent years, CBSEs developed a mode of operations that combined local ecology with industries. Moreover, the service and production teams could be service models that came about in order to create local employment opportunities influenced by government incentives.

Because CBSEs in Taiwan primarily use community resources to help local residents in developing local industries, products, and services, thereby assisting in promoting the local economy, improving local quality of life, strengthening the residents' capabilities, and increasing the residents' willingness for public participation, thus the mode of operations for CBSEs are mostly ecological and tourist attractions, dining services, and product manufacturing to adequately make use of community resources.

Table 4: Forms of CBSE operation in Taiwan

Form	N	%
(1) Workshop	7	17.5
(2) Shop	9	23.1
(3) Production team	13	32.5
(4) Service team	12	30.0
(5) Work at home	1	2.5
(6) Ecological & tourist attractions	18	45.0
(7) Provision of capital, cash, and expertise services	1	2.5
(8) Flea market	3	7.5

* Multiple choices

3.4. Condition of Operation

In terms of major sources of funds (Table 5), more than 70% of the CBSEs answered that their main source of funds is "subsidies and commissioned fees from the government" (73.8%). This is followed by "revenue from social enterprises" (64.3%). Other than these two, only "membership fees" was higher than 30% (33.3%); the rest had very small percentages. The aforementioned findings show that "subsidies and commissioned fees from the government" and "revenue from social enterprises" are currently the major sources of funds for Taiwan CBSEs. "Subsidies and commissioned fees from the government" has the highest percentage, and this data coincides with Kuan's (2007) research findings in which he listed "government's incentives and subsidies" as one of the factors behind the development of social enterprise. Similarly, this echoes Kuan and Wang's (2010) comment regarding the significant impact of government policies and subsidies on the development of social enterprises. However, it is worth mentioning that following "subsidies and commissioned fees from the government", the percentage difference between "revenue from social enterprises" and the former is less than 10 percentage points.

These figures show that Taiwan CBSEs are pursuing financial autonomy and are aspiring for sustainable development.

Table 5: Major financial resource(s) of CBSE in 2009 / 2010

	N	%
(1) Revenue from social enterprises	27	64.3
(2) General donation	7	16.7
(3) Subsidies and commissioned fees from government	31	73.8
(4) Membership fee	14	33.3
(5) Yield of fund	1	2.4
(6) Others	1	2.4

* Multiple choices

On the topic of Taiwan CBSE's overall income for the past year (Table 6), 45.2% of the respondents consider their income for the past year to be "surplus". Around 76.2% consider their income to be either in "surplus" or "balanced", but the remaining 23.8% believe their income is still in deficit. Further delving into the overall income by deducting subsidies from the government (Table 7), the percentage for organizations with "balanced" income does not change much, but the percentage for those in "surplus" went from 45.2% down to 23.7%, while the percentage of "deficit" rose to 47.4%. After deducting subsidies from the government, the percentage of those experiencing deficits doubled. These results show that without resources from the government to balance everything out, it might not be probable for Taiwan CBSEs to operate stably and develop further. To put it simply, government subsidies still play a vital role in supporting the development of CSBEs.

Table 6: Overall income of CBSE in 2009 / 2010

	N	%
(1) Surplus	19	45.2
(2) Deficit	10	23.8
(3) Balanced	13	31.0
Total	42	100.0

Table 7: Overall income (after deducting the subsidies from the government)

	N	%
(1) Surplus	9	23.7
(2) Deficit	18	47.4
(3) Balanced	11	28.9
Total	38	100.0

3.5. Channels for Selling Services or Products

Among the channels of sales and services for Taiwan CBSEs (Table 8), the principal channel is “internal units within the organization” (51.2%), followed by “internet sales for online purchase” (46.3%), then by “cooperation with other organizations to sell products and services” (34.1%), and “interpersonal interaction in the community – word of mouth” (31.7%). These results imply that the channels of sales and services employed by Taiwan CBSEs are closely linked to social capital. Whether it’s through internal units, building websites for online purchases, working with other organizations, or interpersonal interaction in the community, these are all related to the elements of social capital such as trust, connected networks, and shared value perspective. Especially with the percentage for “internal units within the organization” being higher than 50%, this signifies the trust and identification CBSE members have towards their organizations’ products and services, and further presents the combined efforts of mutual advantage and reciprocity. Also, “internet sales for online purchase” and “cooperation with other organizations to sell products and services” are also based on information channel flow and operate through mutual trust and common value framework. “Interpersonal interaction in the community – word of mouth” makes even more use of social networks in order to promote mutual connection and exchange of different resources.

Residents have high level of trust and identification with the sales of services and products within their community, and go a step further in helping promote the products and services being sold by the CBSEs. Through the accumulation of social capital, CBSEs are able to obtain the recognition of more local residents and external resources, in order to sell their products and services. From the social objective perspective, the surplus of CBSEs’ products and services or their objective of directly using these for the community’s welfare to solve the community’s social problems aids in promoting a higher sense of identification among residents towards the CBSEs, even making them more willing to assist in marketing the CBSEs’ products and services. Thus, from the perspective of distribution channels, this not only presents the close relationship between CBSEs and social capital, but also supports the theory that the public welfare benefits contributed by CBSEs enable the residents to feel a sense of identification and solidarity with the CBSEs and the community.

Table 8: Channels of sales and services of CBSE in Taiwan

	N	%
(1) Sheltered workshop or shop	7	17.1
(2) Internal units within organization	21	51.2
(3) Internet sales for on-line purchase	19	46.3
(4) Sales channeling through general retail shops	5	12.2
(5) Sales channeling through government	10	24.4
(6) Sales by post	5	12.2
(7) Fairs and carnivals	6	14.6
(8) Cooperation with other organizations to sell products and	14	34.1
(9) Interpersonal interaction in the community – words of mouth	13	31.7
(10) Others	3	7.3

* Multiple choices

4. CBSE CASE ANALYSIS

4.1. Lonyan Forest Community-based Association

Located in Zhong Liao Town, Nan Tou County of Central Taiwan, the Lon Yan Forest Community-based association mainly caters to Yong He, Yong Fang, Shuang Wen, Long Yan, Long An, Qing Shui, and Nei Cheng communities. The total population size is 5000, while this association is based in the Long-An village. After the 921 earthquake in 1999, the village used the original community construction sketch as a guide for their reconstruction work, and established a reconstruction work station. Due to the actual demands of reconstruction work, the work of the Long-An village work station gradually expanded and reached other communities in Northern Zhong Liao. Since reconstruction work was consumptive and difficult, requiring communication, coordination, and learning of general knowledge, thus the reconstruction work station gradually developed from a social learning facility doing reconstruction work to a normal community education platform – “Lonyan Community Academy”. Because the administrative affairs of the community academy became more diverse and the workload became too much for the organization to handle, hence the residents formally registered with the Nan Tou County government and established the “Lonyan Forest Community-Based Association” in July of 2001.

In terms of division of work, the Lonyan Forest Community-Based Association not only has a membership committee, supervisory board, director-general, and head secretary, but it also has community-building, administrative, community welfare, business development, and information sections in accordance with business demands. For example, the community building section is responsible for the overall building and construction projects in the community; the administrative section is in charge of treasury and accounting; the community welfare section includes donation services for the youth and children, services for children from high-risk families, community care base operations, day care services and dining services for the aged; the business development section is comprised of leisure and tourism services, and sales from agricultural and processed products; the information section is in charge of document and data preservation and digital center information education.

Dining services originated from the public canteen established by the chief of Long An village after 921, and then afterwards, delivery services were added. The demographics of Zhong Liao Town are mostly the aged and children. Majority of the young ones leave the town for work, so there is a high percentage of old people living alone. Because of their remote location, their living facilities are sub-par compared to the cities. In order to allow the elderly to enjoy the latter years of their lives and to be rid of the safety risks of having to cook their own meals, the canteen was transformed into the “Lonyan Forest Dining Hall”. This has been providing services for more than 10 years, catering to the elderly in the entire village. Besides providing nutritious meals to the elderly for lunch and dinner, they also have delivery services on hand, thereby allowing for friendly visits at least twice a day. While they were promoting deliveries for the elderly, they also pushed forward day care services for them. In 2000, day care service for the elderly was launched at the Long An Community Center. This included the usual meals, health promotion activities, arts and crafts, and other static and dynamic activities. Besides promoting welfare for the elderly, the association also drove their plans for child welfare and rural development such as sponsorship for tuition fees, scholarships, community digital center construction, and digital education.

On the aspect of business development, the residents among Lonyan Forest's coverage are primarily in agriculture, and their traditional industries mostly revolve around local specialties/agricultural and processed products such as longans, oranges, bananas, roselles, mulberries, and other processed products. With the association's long term promotions and large-scale activities uniting residents to help in sales, it was able to build Lonyan Forest as a distinctive feature of longan, bringing in abundant income for the village's farmers. Moreover, an important source of funds for the association is income from processed agricultural products. In order to prevent exploitation of the local farmers, the association developed a marketing system for agricultural products, purchasing the surplus products for higher than the wholesalers' price. These products are then processed, packaged, and sold. The income from sales thus becomes an inflow for the association. The first director-general of the association applied for a subsidy for the community's employment manpower through the "Multi-Employment Promotion Program" launched by the Council of Labor Affairs in 2006. This not only enabled the community's employed population, but also helped boost the community's processed agricultural products industry and the tourism industry. Because the association combined the promotion of regional agriculture converted to leisure agriculture with the development and sales of agricultural products, the local farmers increased their income from their products and thereby created more employment opportunities in the community, stabilizing the economy for the agricultural villages.

As stated by Peredo and Chrisman (2006), the formation of CBSE would require a gradual learning procedure. The Lonyan Forest Community-Based Association did not have any concrete decision-making capabilities when it dealt with industry promotions or designation of processed agricultural products, advertising strategies, or industry features. The average degree of education about the organization's members is not high and the members do not have specialized backgrounds in these fields. However, after collating the different needs of the community through their many conferences and discussions, the association made use of its advantage and convenience in accepting resources after the 921 earthquake and was able to acquire resources to satisfy the needs of the community. To illustrate, a community college was set up for digital education; all the computer systems and network facilities are provided for free by other corporations. Through high willingness from specialized teachers to be involved in the community and the high rebuilding demand from the public after the earthquake, it became easy for the community residents to acquire the specialization they needed.

4.2. Pingtung Qui Lai Community

Located in the east region of Southern Taiwan's Pingtung City, the "Qui Lai Community Development Association" belongs to a tribe of agricultural villages. The residents are primarily farmers, with "burdock" as their most well-known product. The association was established in 1996 under the proposal of the local chief, composed by Hu Xi, Hu Nan, and Qui Xin neighbourhoods. The 2011 Census shows that Qui Lai Community has a total of 1,288 households, with a total population size of 4,549. The association was established because the residents felt that there was something missing with their sense of identification with the community. The public started to have discussions about the common topics within the community. In order to encourage unity among the residents and to arouse the residents' awareness, and to ensure a bright future for the community, they established the association to promote community activities, actively carrying out different construction projects within the community.

The association's early projects include a club for the elderly, softball team, class for mothers, and then followed by a youth work force, neighbourhood watch volunteer team, cheerleading team, and a network team. In the recent years, the association established a traditional music

band and a community fruits and vegetables (burdock) marketing class. The association's work has four important focal points: welfare for the elderly, welfare for the youth, environment protection, and promotion of refined businesses. Each point has its distinguishing features for development. Welfare for the elderly linked up with the Ministry of the Interior's Flagship Project in 2006 – "Safe and Happy Service Station", promoting a base for community care and meal delivery services for the elderly living alone, in order to cater to the local seniors. To develop the youth, the association awards scholarships for outstanding students in the community every year. They organize summer classes and summer camps, and also established the "Qi Zai Lun Academy" for after-school tutorial sessions. Protecting the environment has always been the focus of the association since inception, so it continues to promote recycling within the community, and income from recycling is one of the main sources of funds for the scholarships they give out.

For the past few years, the community started industry-academy partnerships centered on burdocks in order to develop the local industries. Many years of partnerships have led to an increase in the economic value and demand for burdocks, thereby linking the industries to the communities and developing tourism and leisure agriculture. The association's chairman shared that they have drafted a five year plan for a processed burdock industry since 2000. The early stage of the plan involved working with nearby universities to develop recipes or formulas, and then after additional processes, the plan aims to combine the community's industries and culture with tourism and sightseeing. The idea of this partnership came about mainly to address the problems experienced by the local industry. If the burdocks industry did not develop more diverse sales channels, it would wither and this would be detrimental to the community's agricultural households. Also, the university teacher the association partnered with was from the same community. Because of wanting to give back, she was very willingly devoted herself in the research and development work for burdocks. Furthermore, the community is currently actively seeking for investors for the burdock processing industry, and there is already a prospective firm for this. At the same time, the association also linked up with local organizations for product development and sales, in order to expand the economic value of burdocks and safeguard the farmers' income.

Although the Qui Lai Community Association did not directly invest in managing an enterprise, it was still willing to invest in product development, coming up with various burdock-related products. This is an example of an innovative operating model. In addition, the specialist that the association partnered with already obtained the specialized techniques and was willing to feed-back to the association. The chairman of the association expressed that he provided a stage for the partner, so what the pharmaceutical company donated to the association, he donated to the community for activities. I hope more people can give back to the community, because it can only rely on donations since it cannot engage in making profit. This kind of prototype was already established.

4.3. Taitung County Wan An Community Development Association

Based on the 2011 Census done by Taitung County, the number of households in Wan An village is 153. The total population size is 401, 225 of which are males and 176 are females. The residents are mostly Min Nan and Hakka, with Hakka comprising 70% of the population. Agricultural labour activities and folk customs and rituals are important factors that hold the neighbourhood together and can impact community activities. The "Wan An Community Development Association", established in 1992, is an important community organization for promoting CBSE development.

The members of this community development association are mostly the residents. Besides the governance structure including the membership committee and board of directors, other administrative units include the supervisor, secretary, accounting, and administrative assistant, forming a flat organizational structure fitting as a division-of-work model for a small-scale community organization. Furthermore, since the community's principal economic crop is rice, the association established the "Rice Village House" with the efforts from the association's leadership team. This became an important avenue for the expansion of the local rice industry. At present, it is already an exhibit, tourist center, and rest stop for Taitung County Chih Shang Rice cultural tour, and a place for the residents to enjoy leisurely activities. Besides the Rice Village House, the association also launched the organic rice production and marketing class, community patrol team, care angel's team, classroom for mothers, and croquet team.

Rice from Taitung Chih Shang is very well-known, and Wan An is one of the vital places of production. One of the main reasons why Wan An organic rice stands tall among its competitors is the farmers' constantly improving techniques and the residents' general knowledge towards organic environments. The National King of Rice for three years consecutively came from here, making Wan An community Taiwan's most organized and biggest organic-specialized fields. Since the inception of the Wan An Community Development Association, it has geared towards this objective of making the community an organic village. The association aims to not only inject the concept of organic into the rice cultivation process only, but extend this even to the residents' daily lives.

The Rice Village House is an important base of operations for the CBSE to promote the organic rice industry. This was originally a fertilizer warehouse established by the Chih Shang Farmers' Association in 1971. In 1991, the Farmers' Association looked for another place to have this warehouse due to shortage of space, so this original warehouse was left unused. With hard work from local historians and writers, and support from the Executive Yuan's Council of Cultural Affairs and Taitung County Cultural Center, the community organization proposed the "Rice Village House" project in 2003 to be used as a venue for Chih Shang Rice cultural talks and exhibits, travel services and inquiries, and as a center for the residents to enjoy leisurely activities. The Rice Village House was officially launched in 2004. Its original structure was maintained, but a second floor and an attic was added for tourists to dine, drink tea, drink coffee, read, and enjoy the scenery. "Rice Village House" is not merely the facade for the Wan An Community, it is also an important sales location for the local industry and a window promoting lodging, leisure and travel to the outside world.

Separately, the Wan An Community set up the "Community Industry Welfare Unit" in 2005. Line 33 of this organization's charter states that: if this unit ends up with a surplus after its year-end accounting, 35% of it will be used as public welfare fund and the unit can vote upon whether to apply the funds for community welfare, special support, well-being activities, or public sanitation facilities. This shows that as community organizations progress in creating local industries, they still hope to be able to contribute to the community's welfare.

5. DISCUSSION AND IMPLICATIONS

Through the above analysis and discussion, the current situation of CBSEs in Taiwan can be understood. Although the government's declared policies had already placed emphasis on development of local industries in as early as 1960, the concept that community industries could become common knowledge for a community became only widespread after the 1990. And the

rationales behind the establishment of CBSE can be categorized into two aspects: one is they hope to obtain more abundant resources for the community; while the other is they hope to create employment opportunities for the disadvantaged and increase their income. These motives are also reflected in this paper's analysis. In the section discussing source of funds, it was observed that the financial support provided by the government occupies the highest percentage (73.8%).

The incentives provided by the Taiwanese government are truly an important driving force to promote the development of CBSE. However, the government provides resources not in an equal manner. The government's financial support is selective in encouraging communities that can mobilize its members, so that they may plan the future direction of development for the community together. As emphasized by McCarthy and Wolfson (1996), community organizations are important agencies for community development. The leaders of the community must lead the residents in unearthing the community's issues, allowing the members to understand their common interest so that they may come up with strategies and solutions for the issues. The financial support provided by the government then becomes an important impetus for the community organizations to invest themselves in CBSEs.

Although Lon Yan Forest Community-based Association was formed as a response to the earthquake, the leaders of the organization observed that the community's industry (longan) experiences a dramatic drop in economic value after the Ghost Festival because of a seasonal problem. After identifying this problem, the leaders purchased longan after the Ghost Festival and then organized a Lonyan Forest cultural season event in partnership with the government. On one hand, these longan and its related products are sold, and on the other hand, this event enables longan and processed products to be resold, creating even higher product value. The Rice Village House built in Wan An community was also created in partnership with the government, becoming an important channel for selling organic rice in the community.

For a community organization to invest in developing businesses, it not only needs the force of a collective action to mobilize resources, but it also needs to form public trust within the community. This kind of trust relationship must be released from the traditional clan relationship in order to form a shared structural system (Fukuyama, 1994). This paper discovered that the sales channels for products and services are considerably dependent on interpersonal relationships and networks, and these networks must be relationships that can add to mobilization. As stated by Lin (2001), social capital is inlaid within social networks, and could be a resource one could tap into or obtain in one's course of action. This paper finds that be it through internal sales, cooperation with other organizations, or interpersonal networks within the community, CBSEs still mirror a social capital operating model.

Participation and investment from the community's residents are key strengths necessary for CBSEs to progress, and leaders of community organizations must be able to educate residents and elevate regional identification through infusing cultural value, and at the same time convert this into collective action, in order to realize the ideals of CBSEs. One of the essential factors for Lonyan Forest Community-based Association projects' successes, such as in their delivery services or in cultural seasons, is a group of volunteers who are willing to devote time and effort on a long-term basis. Qui Lai Community also cultivated a group of regional volunteers through their long-term activities (like community kids and youth summer camps, classroom for mothers). These volunteers have become important assets for the community organizations' services and important sources of supportive strength in promoting the burdock industry. As community organizations promote CBSE, these volunteers also become an important facility of bonding and

exclusive social capital. Because volunteers are mostly made up of people from the internal community, it was simple to form a singular cultural value internally, becoming a homogenous group. For a volunteer group, once they have been given the mission to promote the community's industry, similar experiences and living conditions and high level of trust with each other would be very beneficial when using bonding and exclusive social capital to promote the development of CBSE.

In summary, the development of Taiwan CBSE is closely linked to the government's policies. Findings reveal that the government is still an important source of finances and resources for community organizations developing CBSE. Although government resources are available, community organizations would still need to take the initiative to acquire these resources. Thus, proposing an innovative operating strategy becomes a vital key in whether one can successfully obtain resources from the government or not. In addition, it was observed from several case studies in Taiwan that community organizations investing in running CBSE must consider the regional conditions of the community. This conforms to Peredo and Chrisman's (2006) statements about the features of CBSE: "using the community's existing technologies (industries) as foundation", "dependent on the community residents' participation", and "having multiple objectives". Lastly, since the development of CBSE is closely related to the community residents, network relationships and trust as advocated by social capital can become vital strengths to support the development of CBSE, and are also media that must be relied on for CBSE to succeed.

REFERENCES

- Barman, E. (2002) "Asserting Difference: The Strategic Response of Nonprofit Organizations to Competition", *Social Forces*, 80, 4, pp. 1191-1222.
- Bowen, G. L., Martin, J. A., Mancini, J. A., & Nelson, J. P. (2000) "Community capacity: antecedents and consequences", *Journal of Community Practice*, 8, 2, pp. 1-21.
- Chiou, L. C. & Kuan, Y. Y. (2009) "The operation and impact of nonprofit community-based cultural industries: A study of two cases in miaoli", *Journal of State and Society*, 7, pp. 29-86.
- Coleman, J. S. (1988) "Social capital in the creation of human capital", *American Journal of Sociology*, 94, pp. 95-120.
- Fireman, B. & Gamson, W. A. (1979) "Utilitarian Logic in the Resource Mobilization Perspective", In Zald, M. N. & McCarthy, J. D. (eds.), *The Dynamics of Social Movements: Resource Mobilization, Social Control, and Tactics*. Cambridge: Winthrop Press, pp. 8-44.
- Fukuyama, F. (1994) *Trust: The Social Virtues and the Creation of Prosperity*, New York: Free Press.
- Jenkins, J. C. & Perrow, C. (1977) "Insurgency of the Powerless: Farm Worker Movement (1946-1972)", *American Sociological Review*, 42, 2, pp. 249-268.
- Kuan, Y. Y., (2007) "Social enterprise development in Taiwan", *China Nonprofit Review*, 1, pp. 146-181.
- Kuan, Y. Y. & Wang, S. T. (2010) "The Impact of Public Authorities on the Development of Social Enterprises in Taiwan", *Journal of Public Affairs Review*, 11, 1, pp. 1-22.
- Lin, N. (2001) "Social capital: contending paradigms and empirical evidence", *Hong Kong journal of sociology*, 2, pp. 1-38.
- McCarthy, J. D. & Wolfson, M. (1996) "Resource mobilization by local social movement organizations: agency, strategy, and organization in the movement against drinking and driving", *American Sociological Review*, 61, 6, pp. 1070-1088.
- Milofsky, C. & Romo, F. P. (1988) "The structure of funding arenas for neighborhood based organizations", in Milofsky C. (ed.) *Community Organizations: Studies in Resource Mobilization and Exchange*. New York: Oxford University Press, pp. 217-276.
- Peredo, A. M. & Chrisman, J. J. (2006) "Toward a theory of community-based enterprise", *Academy of Management Review*, 31, 2, pp. 309-328.
- Putnam, R. D., Leonardi, R. & Nanetti, R. Y. (1993) *Making democracy work: civic traditions in modern Italy*, Princeton, NJ: Princeton University Press.
- Putnam, R. D. (2000) *Bowling Alone: The Collapse and Revival of American Community*, NY: Touchstone.
- Shiau, Y. H. (1999) "Organizational recomposition: the awareness and the prevision of the community organization's services", *Community Development Journal*, 87, pp. 16-34.
- Wallace, S. L. (1999) "Social entrepreneurship: the role of social purposes in facilitating community economic development", *Journal of Developmental Entrepreneurship*, 4, 2, pp. 153-174.
- Wang, S. T., Kuan, Y. Y., Lin, C. W. & Chang, T. Y. (2010) "The comparison of work integration social enterprises in Taiwan and Hong Kong", *NPUST Humanities and Social Science Research*, 4, 2, pp. 106-130.
- Woolcock, M. & Narayan, D. (2000) "Social capital: implications for development theory, research, and policy", *World Bank Research Observer*, 15, 2, pp. 1-49.