A Cross-Country Study of Social Enterprise Policy

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Abstract: This study investigated the developing model of social enterprises, and provided suggestions on the policies of these enterprises’ sustainable development appropriate based on the comparisons about the policies and regulations related to social enterprises of the U.S., the U.K. and Taiwan. The study adopted “document analysis” and “comparative research” to summarize and analyze the policies and regulations about social enterprises issued by the U.S., the U.K., and Taiwan in order to understand the promotion and influences of related policies and regulations on the social enterprises. Findings included the following: (1) unique operational mode was the key factor of earning profits of social enterprises; (2) the taxation issue of undistributed earnings should be examined in order to assist them to accumulate their own funds; (3) social enterprises need appropriate financial service system to obtain operation funds. The study would assist the owners of social enterprises to plan and bring up operation models suitable for the market, and finally to assist them to promote their competences of sustainable operation.

Key words: social enterprise; NPO social enterprise; corporate social responsibility; policy analysis

JEL codes: O, K, Z

1. Introduction

Social enterprises originated from the idea of social charity of Europe in the 19th century; according to the definition of Organization for Economic Co-operation and Development (OECD), social enterprises were developed from the department of social economy and between markets and governments; they were often connected with the concepts of “the 3rd sector” or “nonprofit organization” (NPO).

Social enterprises tended to link NPO with the concept of social economy and focused on pursuing certain social purposes; typical social enterprises devoted themselves to delivering social services and serving vulnerable groups and communities (OECD, 1999).

In 1976, Yunus implemented the project of “Grameen Bank” because the poor couldn’t obtain fiduciary loans from regular financial institutions; he assisted rural poor people to be self-reliant and to get rid of poor lives by microfinance. Due to the project of Grameen Bank, Yunus had received the Nobel Peace Prize of 2006.
Grameen Bank project had improved people’s social economical lives of Bangladesh and solved the social problem of poverty by the operational model different from the loans of traditional banks. Social enterprises were organizations with both economic behaviors and social purposes, and this peculiar type of organizations were valued by all circles nowadays (Whung, 2008).

Young (2001) regarded that social enterprises included two definitions; the first one referred to the enterprise that had contributions to social welfares, and the second one was that NGO earned profits by commercial means.

According to them, social enterprises were continuum organizations and they could be divided into 3 types including Corporate Philanthropy, Social Purpose Organization and Hybrid Organization which was a mixture of these two (Cheng, 2007, p. 67).

On the other hand, Dees, Emerson & Economy (2001) considered that social enterprises had two major features. The first one was that they had a social purpose in order to maintain and improve social circumstances mainly by the profits earned through the organizations, managers, employees and customers. The second one was that they integrated social and commercial means to exert power and build up shareholders’ trust, and these social entrepreneurs needed to create innovative ways to make profits and commercialize their organizations just as for-profit enterprises did. From the perspective of the operations of social enterprises, just as independent organizations with commercial feature they needed to be autonomous in finance and operation and to be able to make profits in order to maintain the relationship between organizations and their shareholders. Allen (2005) defined social enterprises from the dimensions of the feature, purpose and ownership of organizations in the following:

1. Enterprise orientation: Social enterprises manufactured products and provided services directly in the market, found out feasible transactions and made profits through these transactions.

2. Social purpose: They had clear social goals such as creating career opportunities or providing local training services and were responsible for the environmental and economic influences to social members and the social communities.

3. Social ownership: They were autonomous organizations with administrative power and ownership based on stakeholders (customers or local communities/groups) or trust, and the profits earned were shared to stakeholders or used to benefit the society.

In light of the above definitions, social enterprises had 3 major features including enterprise orientation, social purpose and social ownership, and these 3 features summed up the definition of the above-mentioned 3 dimensions including outline, value and operation; they had given a complete profile of social enterprises.

In this study, the researcher expected to investigate the development of social enterprises in the U.S, the U.K. and Taiwan and offer suggestions suitable for the sustainable development of social enterprises in Taiwan based on the findings through the comparisons and analysis of the policies and regulations about social enterprises issued by the U.S., the U.K. and Taiwan.

2. The Development of Social Enterprises in the U.S., the U.K. and Taiwan

Dees (2001) brought up the discourse of the commercialized type of NPOs mentioning that “Social Enterprise Spectrum” divided social enterprises into three types including “purely philanthropic”, “hybrid” and “purely commercial” social enterprises.

Cheng (2007) regarded that “purely philanthropic” social enterprises referred to traditional NPOs which only
accepted donations and volunteers, and “purely commercial” social enterprises meant commercial organizations based on shareholders, and finally “hybrid” social enterprises emphasized on stakeholders and included social and economic motivations meaning social enterprises’ commercialized approach. From the experiences of developing social enterprises of the U.S. and Europe, their development approaches could be generalized into two types including NPOs’ usage of enterprises’ commercial methods and enterprises’ nonprofit approach. The former could be divided into (1) economy-oriented commercialization whose purpose was to fill the financial gap outside the traditional funds and therefore its core value was showing the concept of cross-subsidization and (2) society-oriented innovation which followed the spirit of enterprises and strengthened their entities in order to solve quality crisis faced by NPOs. The latter included (1) economy-oriented corporate social responsibility which meant that enterprises entered nonprofit circles to pursue their sustainable development and (2) society-oriented social co-operatives which were mainly to solve the problems of high unemployment rate and social alienation.

Alter (2004) brought up the four divisions of the social enterprise type between traditional NPOs and for-profit enterprises — including nonprofit with incoming-generating activities, social enterprise, socially responsible business and corporation practicing social responsibility from the dimensions of motive, accountability, and use of income.

Besides, other scholars addressed that the concepts of social entrepreneurs and social enterprises emerged in the early 1990s (Translation by Wang & Guan, 2012; Chen, 2002; Defourny & Kim, 2011). The Social Enterprise Initiative established by Harvard University in 1998 stated that social enterprises’ social purposes included issues of art and culture, citizen advocacy, community development, education, environment, foundation, health care, human and social services, international development, religion, and existing social problems such as employment, resource distribution, and so-called a variety of social injustice which needed social enterprises to solved these problems and achieve social justice, and these were the value and purpose of social enterprises’ existence.

Department of Trade and Industry (DTI) of the U.K. focused on the independence of social enterprises’ operations and stressed that they needed to not only solve social problems but also pursue the continuous operation to achieve goals by keeping their finance healthy through commercial behaviors. The so-called social enterprises referred to those whose income of selling goods and services had to account for at least 50% of their total income; the key was to maintain their operation by making profits via commercial behaviors, and they had certain extent of autonomy in finance and operation (DTI, 2001).

In Taiwan, social enterprises were divided into broad and narrow operational definitions. For general motivation measures, the broad operational definition was used in order to meet the needs of all parties; besides, with related international references Taiwan had formulated the narrow operational definition and it encouraged social enterprises to make information transparent in order to lead listed companies at stock exchange and OTC market to inject CSR funds into social enterprises for assisting their development. For the broad operational definition, social enterprises referred to those organizations which solved certain social or environmental problems through commercial modes and their profits were mainly used in their reinvestment in order to continuously solve those problems; they weren’t just earning the highest profits for investors or owners. In the aspect of attribute, social enterprises could pursue social and economic benefits simultaneously but their primary mission was to make social influences. In the aspect of organization form, they could be registered by either general for-profit businesses or NPOs; they mainly attended to vulnerable groups, local development, eco-environment protection, and fair trade etc.

For the narrow operational definition, social enterprises should address that their primary goals were...
providing social care or solving social problems in the cooperate charter and their financial statements should be audited and certified by accountants at each fiscal year end, and their public benefit reports should be reported and announced. Finally, at least 30% of the yearly distributable earnings should be used in social welfares and they couldn’t be distributed.

2.1 Social Enterprise Policies of the U.S., the U.K. and Taiwan

Social enterprises evolved differently in each country, and those governments put much efforts in social enterprises and also formulated and amended related policies and regulations. For the U.S.’ social enterprise policies, the scope of social enterprises’ organization was ruled by tax law; tax remission was used to stimulate social enterprises and achieve social entrepreneurship. Laws related to social enterprises of the U.S., the U.K. and Taiwan were described in the following.

2.1.1 The United States

American social enterprises generally referred to commercialized social enterprises with social purposes such as “social purpose business”, “community-based business” and “community wealth enterprise”; they were run by NPOs in order to earn profits by business organizations and financially support themselves, and multiple networks were formed to achieve social entrepreneurship (Wang et al., 2013; OECD, 1999; Cheng, 2007).

Some scholars summed up and stated that the development of American policies on social enterprises was based on tax law 501(c) to regulate their scope, and the U.S. used tax remission to motivate social enterprises. However, as to all unrelated business income (UBI) they still needed to pay the tax. According to 501(c), 29 organization types were included; they were divided into 3 major types including NPO, member society, and foundation. Those articles related to social enterprises and particularly the commercialization of NPOs were 501(c)(3), 501(c)(4), 501(c)(7), 501(c)(8), 501(c)(9) and 501(c)(10) (Wang et al., 2013). The above-mentioned organization types had the advantage of tax remission; for the development of those social enterprises, the income of donation would assist their operations. In recent years, some states of the U.S. started to position social enterprises’ organization type and establish a new legal entity “Low-Profit Limited Liability Company” (L3C) besides general enterprises and traditional NPOs to solve the positioning problem (as corporation or philanthropic organization). L3C organization was a new approach to fulfill social missions, a hybrid of NPO and for-profit organization; it was run by methods similar to those of for-profit companies, but it had some social missions just as NPOs had. L3C had the engagement of profit earning but it wasn’t the primary goal; it was tax-exempt but it could solicit investors and investment related to its funding program. IRS had limited L3C on its total amount of profit earned and asset owned. This type of hybrid organization couldn’t conduct political activities or lobbying, and it must clearly realize that its primary goal of existence was to fulfill philanthropic purpose. L3C was a type of hybrid corporation, different from the traditional companies, and it had legal status of corporation; its functions were between those of general companies and NPO. In addition, it combined the legal status of traditional limited liability company and the taxation flexibility in order to promote social welfare and create social value by business; however, its major goal wasn’t pursuing the highest profit. The design of L3C made it easy to become a company with social goals, and hence it could be called as a company with NPO spirit. It could attract personal investors, and its profit would be put into public welfare according to tax law or laws of each state particularly for the profit from the program-related investment.

2.1.2 The United Kingdom

Spear mentioned that the U.K. government provided low-wage and part-time jobs by community projects (temporary labor projects) cooperated by voluntary organizations and local governments in order to solve the
problem of high unemployment rate in the 1980s and 1990s. The policies used occupation training, creation of job opportunities and planned intervention to make workers to enter companies and work. This type of organization based on communities was generally run by cooperatives or community enterprises. Simultaneously, occupational and start-up subsidies were used with workfare programs to enhance working motivation and reduce the reliance on welfare (Spear, 2001; Lin, 2008).

The U.K. had a clearer legal definition on social enterprises, and the Parliament had passed “community interest companies law” in 2004 and hence community interest companies (CIC) were formed. In the past, social enterprises in the U.K. mostly were established as CIC whose primary goal was benefiting the society rather than pursing shareholders’ highest profit.

Cheng and Liu had summarized and stated that “Public Services (Social Value) Act 2012” passed by the U.K. government had ensured that future government procurement could be performed based on the triple bottom line of society, economy and environment (Cheng & Liu, 2013).

The U.K. government spent a large amount of fund on procurement each year, and its procurement was done based on price comparison rather than creating value through government procurement such as increasing the employment rate of vulnerable groups, booming local economy and achieving environmental protection. Through this act, it was expected that government procurement could be improved and simultaneously social enterprises’ status could be ensured.

2.1.3 Taiwan

According to the statistics of the Department of Commerce of Ministry of (ROC), there were 118 companies registered with the name of “social enterprise” up to October, 2016 after removing those no longer existed. When expanding the searching scope to providers collecting social enterprise information such as company registration, social enterprise registration mechanism (executed by Taiwan NPO self-regulation alliance authorized by Small and Medium Enterprise Administration, Ministry of Economic Affairs), social enterprise hub (executed by Okogreen authorized by Small and Medium Enterprise Administration, Ministry of Economic Affairs), government resources and counselling, iLab social enterprise incubation program (social enterprise insights) and media reports etc., there were up to 450 companies in the preliminary statistics; the industries comprised 10 types including healthy diets, clothing and accessories, transportation, learning and training, leisure and tourism, arts and reading, daily goods, elderly care and home services, business services, and public welfare services (Chen, 2016; Wu, 2017).

Social enterprises were a new-emerging concept in this decade, and related acts were still not yet finished. Currently, the main acts included the drafts of “benefit corporation act” which was defined as special laws of company law and “social enterprise development regulations” which would encourage people to start up public benefit corporations, establish the supervisory mechanism of benefit corporations and finally promote public benefits. These two were described in the following:

(A) Contents of the draft of “social enterprise development regulations”:

Currently, Taiwan hadn’t clearly defined “social enterprises” in its laws, and therefore it was expected that these regulations could define social enterprises, establish counselling centers, set up foundations, strengthen talent training and education, provide financing (including guarantee) and tax remission, encourage the development of international and high value-added industries, and assist in government procurement etc. so that the ideas of social enterprises could be developed. In addition, it was expected that the counselling system of social enterprises’ management, marketing, alliance and cooperation, manufacturing technology, quality
improvement, financial accommodation, research and development, information management, workplace safety and eco-environment etc. could be constructed in order to promote and develop these social enterprises.

Its structure included the following: (1) the definition of social enterprises, (2) qualifications or applicable subjects of social enterprises, (3) supervisory institutions and their authorities and responsibilities, (4) measures of counselling social enterprises, (5) establishing social enterprise development foundation and law sources, (6) introducing industries, the government, and academic circles to participate in social enterprises, and setting up the interdisciplinary counselling system, (7) coordinating with related financial institutions and credit guarantee agencies to strengthen the provision of financing and guarantee to social enterprises, (8) coordinating and planning with financial authorities to review the taxation system, (9) counselling social enterprises to enhance the opportunities of obtaining government procurement projects.

(B) Contents of “benefit corporation act”:

To encourage the start-up of public benefit, this act established the supervisory mechanism and promoted public benefit and it was expected that it could help on social enterprises’ development in Taiwan. In light of its contents, this act was positioned as special laws of company law and its supervisory authority was the Ministry of Economic Affairs; the major applicable subjects were social enterprises established as corporations. For items not covered in this act, company act, securities and exchange act or other related regulations were applicable.

According to the news release of the public hearing of “The Draft of Benefit Corporation Act”, there were totally 23 clauses in this draft and the key legislation points included the following:

(1) Besides public benefit purpose, benefit corporations still had the feature of joint venture including soliciting funds and inviting outside investors and professional managers, and therefore the type of benefit corporation was limited to “company limited by shares”.

(2) Benefit corporations should establish clear “public benefit purposes”, and their decisions should be made primarily based on public benefit purposes stated on the corporation articles and the influences on stakeholders.

(3) To encourage the existing social enterprises to change to corporation form, benefit corporations were divided into two types. For benefit corporations of the first type, they didn’t have to make and announce their public benefit reports and establish independent directors; if they want to have tax preference and incentive for benefit corporations, they still need to comply with the regulations of the second type benefit corporation.

(4) Considering that general social enterprises or public benefit corporations often had the problem of insufficient funding sources, it thus allowed juridical persons to invest in them in order to expand their funding sources after referring to overseas laws.

(5) Based on the feature that earning profits wasn’t the primary goal for benefit corporations, the total distributed amount of employees’ bonus, and reward, profit, stock dividend or bonus of directors, supervisors, and other owners shouldn’t be higher than 50% of distributable earnings ruled by the company law.

(6) In order to meet fair taxation, it regulated that 10% income tax for the above-mentioned earnings that shouldn’t be distributed could be exempt.

The contents could be broadly divided into the following parts:

(1) About the legislative purposes, authorities, definitions of related nouns, type, establishment method, goal and public benefit range of benefit corporation act;

(2) The change, establishment of subsidiary, and dissolution and liquidation of benefit corporations; their responsibilities were concretely regulated;

(3) The rules about the investment, profit distribution and disciplinary action of benefit corporations to
prevent corrupt practices through the supervisory mechanism;

(4) Measures of taxation preference to encourage the development of social enterprises.

For the type of public benefit corporation, the law regulated the following two:

(1) The first type: Those corporations are exempt from declaring and announcing their public benefit reports, and those intending to apply for preferential taxation and subsidies related to public benefit corporation should comply with the rules of the second type.

(2) The second type: At the end of each fiscal year, they should declare and announce their public benefit reports.

As for NPO, juridical persons can invest in or establish public benefit corporations of the second type and the establishment purposes should conform to their original purposes. Currently, juridical persons are under rigid investment restrictions; however, in order to encourage the start-up of public benefit business and promote juridical persons’ return of investment and generation of their financial sources, the draft of public benefit corporation act also encouraged them to set up or invest in public benefit corporation (Teng, 2014).

Table 1  The Policies and Practices of Developing Social Enterprise in the United States, the United Kingdom, and Taiwan

<table>
<thead>
<tr>
<th>Country</th>
<th>Approach</th>
<th>Policy</th>
<th>Legislation</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>The United States</td>
<td>Based on taxation law</td>
<td>Act of Low-profit Limited Liability Corporation</td>
<td>Social Innovation Fund</td>
<td></td>
</tr>
<tr>
<td>The United Kingdom</td>
<td>1. Creating a favorable environment</td>
<td>1. Community interest company</td>
<td>1. Big Society Capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Integrating public sectors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>1. Encouraging NPO to develop into social enterprises</td>
<td>None, under promotion</td>
<td>Applying for subsidy by projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Majorly promoting labor policy system, aiming to solve unemployment problems</td>
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</tbody>
</table>

Source: Sorted by the researcher; Wang, 2013

3. Methodology

The researcher utilized “document analysis” and “comparative research” to summarize and analyze the policies and regulations about social enterprises issued by the U.S., the U.K. and Taiwan in order to understand the promotion and influences of related policies and regulations on the social enterprises in Taiwan.

Using document analysis method was to collect related information, observe others’ related researches, generalize them and then analyze the results of these researches, and finally bring up constructive hypotheses not yet verified as one’s research basis in one’s study (Hsing, 2015, translation by Chu, 2000). The most frequent reason for composing document was to build up the linkage with developing knowledge (translation by Chu, 2000). For document analysis, generally the data could be collected from books, newspapers, magazines, current internal information of organizations, publications issued by governments, and existing surveys and reports (Hsing, 2015). When a relation needed to be constructed between two events or among multiple events, a brief and concise perspective should be taken and therefore the method of comparative research was needed (Toynbee, 1963). The comparative research method was to compare different aspects or different types of a thing and then find out similarities or differences in order to know the essence of a thing in depth through comparison. Its basic principles included “comparing similarities” and “comparing differences”. The purpose of comparing similarities
was to use them to support the current phenomenon of the research and to perform the explanation or prediction of “the same cause leading to the same result”. On the other hand, generally the purpose of comparing differences was to prove that different causes lead to different results and hence the subject of the current research couldn’t be paralleled with other phenomena under comparison.

4. Research Findings

In this study, the researcher had summarized a social enterprise and organization spectrum as Table 2 showed. The basic principle of social enterprises emphasized that the government, enterprises, and private organizations could complement one another and do their best so that the government’s financial burden and social welfare expanse could be reduced and its efficiency of service could be enhanced. Besides, for enterprises they could fulfill corporate social responsibilities better through hiring vulnerable groups by a certain percentage according to rules.

On the other hand, private organizations would have more opportunities to join in social services, and they could offer the premium income of public benefit to those who couldn’t afford so that they could have sufficient resources. In this way, altruistic care and mutual help could be provided and tremendous welfare benefit could be expanded with limited benefit resources.

Table 2 Social Enterprise and Organization Spectrum

<table>
<thead>
<tr>
<th>Choice</th>
<th>General motivation, method and goal</th>
<th>Major stakeholders</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purely philanthropic</td>
<td>Appealing to credit</td>
<td>Beneficiary</td>
<td>Non-cash donation</td>
</tr>
<tr>
<td>Traditional</td>
<td>Driven by mission</td>
<td>Free</td>
<td>Combination of salary lower than market price and/or volunteer and full-time employee</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>Creating social value</td>
<td>Donation and subsidy</td>
<td>Combination of capital of lower than market price and/or total amount payment and free of charge</td>
</tr>
<tr>
<td>Socially responsible business</td>
<td>Mixed motivation</td>
<td>Volunteer</td>
<td>Pay equivalent to market price</td>
</tr>
<tr>
<td>Revenue-generating activities</td>
<td>Balancing mission and market</td>
<td></td>
<td>Accepting price equivalent to market price</td>
</tr>
<tr>
<td>Corporation practicing social</td>
<td>Creating social and economic value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>responsibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional for-profit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Through this study, the following points were discovered:

1. The unique operational mode was the key factor of earning profits for social enterprises:

Different from general enterprises, social enterprises’ major consideration wasn’t commercial operation, and their operational mode should be based on public benefit marketing and should combine the use of social influences and the creation of financial value.

Social enterprises kept on communicating with consumers, using different features in the market and showing their creativity. Facing the competitive business market, excellent strategy planners and employees of
integrative thinking and application of advertisement, marketing and public relations fields could strengthen social enterprises’ abilities to integrate and seek alliance in their operation, and they would also promote the abilities of planning, problem solving and execution.

(2) The taxation issue of undistributed earnings should be examined in order to assist social enterprises to accumulate their own funds:

Promoting related regulations to examine the taxation issue of undistributed earnings would assist them to have tax remission; the profit could be shared with enterprises that invested, and their corporate social responsibilities would be enhanced and social enterprises would also be improved.

(3) Social enterprises needed appropriate financial service system to obtain funds for operation.

Currently, it was more difficult to obtain financial support for private public benefit groups and social enterprises than general small and-medium sized enterprises did, and if foundations for social enterprises of different types in their different phases could be founded then they would be assisted in obtaining legal investment and financing channels. Therefore, this would assist social enterprise owners to control the operational and financial status, enhance their competitiveness and also assist decision-maker to do right decisions.

The U.S., the U.K. and Taiwan had formulated related policies and regulations through inter-departmental meetings in order to assist social enterprises to develop and expect that it would solve social problems through the model of social enterprise. Social enterprises needed to know the resources of public sector well, conform to related policies and regulations and develop their own professional managers in order to differentiate their models from general enterprises’ blue ocean strategy and finally achieve the goal of sustainable operation.

<table>
<thead>
<tr>
<th>Approach Country</th>
<th>Policy</th>
<th>Legislation</th>
<th>Fund</th>
<th>Current development status</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S.</td>
<td>Based on tax law</td>
<td>Low-profit limited liability company</td>
<td>Social Innovation Fund</td>
<td>In the U.S., about 6% of the yearly GDP was contributed by NPOs. Since 1970, there were already hundreds of thousands organizations with social entrepreneurship in the U.S. and Canada, and 7% of them set up overseas offices.</td>
</tr>
</tbody>
</table>
| The U.K.         | 1. Creating advantageous environment  
2. Removing the obstacles for social enterprises  
3. Integrating the public sector | 1. Community interest company  
2. Public service (social value) law | 1. Big society capital  
2. Social impact bond | According to 2013 Annual Small Business Survey by the UK Department of Business Innovation & Skills, the U.K. had around 70,000 social enterprises whose economic contributions reached 18.7 billion pounds with nearly 1 million employees; their GDP reached 24 billion pounds accounting for 1.5% of the national GDP. |
| Taiwan          | 1. Promoting NPOs to develop as social enterprises  
2. Primarily promoting labor system, aiming to solve unemployment problem | None, under construction | Applying for project-based subsidy | According to the registration data of MOEA, there were 47 companies with a title of “social enterprise”, and currently there were 42 social enterprises still running after deducting 5 companies which were already dissolved or liquidated. |

Source: Wang et al., 2013
5. Conclusions and Suggestions

The searcher of this study had understood the promotion and effects of policies and regulations related to social enterprises on them by “document analysis” and “comparative research” methods and then provided suggestions of the policies suitable for social enterprises’ sustainable development.

In this study, the researcher found out that: Unique operational mode was the key factor of earning profits for social enterprises; the taxation issue of undistributed earnings should be examined in order to assist them to accumulate their own funds; social enterprises needed an appropriate financial service system to obtain operation funds.

The government formulated related policies and regulations through inter-departmental meetings in order to assist social enterprises to develop and expect that it would solve social problems. Social enterprises needed to know the resources of public sector well, conform to related policies and regulations and develop their own professional managers in order to differentiate their models from general enterprises’ blue ocean strategy and then achieve the goal of sustainable operation.

The government could strengthen the propaganda of social enterprises and amend related laws, and the private sector could fulfill its corporate social responsibilities better and provide professional technologies and management, hence the private public benefit organizations could reduce the reliance on the government and the general public’s help and also enhance their competitiveness. Through one another’s cooperation and the application of strategic thinking and management, social enterprises could operate sustainably; their revenues and profits could increase through producing competitive products and services, and also job opportunities would be provided and more social problems could be solved.

5.1 Limitations

This study covered the policies on social enterprises of the public sectors of the U.S., the U.K. and Taiwan, and therefore the researcher could only conduct this study by collecting secondary data. This was the first limitation.

This study focused on studying policies and laws. Currently, Taiwan didn’t have one authority to govern all NPOs and social enterprises; different types of NPOs had different authorities, and each governed different aspects of these NPOs’. For instance, as to the application for a NPO in Taiwan, the authority of social enterprises was the Ministry of the Interior and its authority of taxation was the Ministry of Finance. Taiwan’s social enterprises were still developing and hence different types of organization were derived. The number of authorities involved and their complicated interrelations made it difficult to cover all aspects. This was the second limitation of this study.

5.2 Future Research

Based on the conclusions of this study, some suggestions for future researches were offered.

(1) Future researchers can add the comparison of international cases and increase the scope of research subject; besides, they can summarize data from other developed or developing countries to understand other countries’ contexts in promoting the development their social enterprises.

(2) Future researchers can add different dimensions for observations and propose related policies based on different cultures to develop social enterprises.
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