Interaction and Interrelation in Social Enterprise Between Entrepreneurship and Social Issues

Chang-Lin Yang¹, Kai-Ping Huang²*, Chanikarn Tosompark³, Piyanan Suwanmana⁴, and Wen-Bin Chuang⁵

¹,²Department of Business Administration, Fu Jen Catholic University, Taiwan
³,⁴Martin de Tours School of Management and Economics, Assumption University, Thailand
⁵Department of International Business Studies, National Chi-Nan University, Taiwan

129741@mail.fju.edu.tw

Abstract

Social entrepreneurship and enterprises have gained attention in recent decades. Many universities, private institutions, and government agencies have started to promote the ideas and creation of social enterprises to solve social problems and create social value. There are two ways to materialize social entrepreneurship. One emerges from social issues to entrepreneurship and the other in reverse from entrepreneurship to social issues. This study attempts to identify the differences between the two forming directions of social entrepreneurship in the three stages of social enterprises: process, operation, and social value creation. We employ in-depth interviews with social enterprise practitioners, scholars, and government officials. The analysis of interviews reveals that social enterprises emerging from social issues to entrepreneurship are more concerned with the problems of others. Such social enterprises' funding relies less on earnings and repayments, and the resources they can mobilize are more diverse. They appear to focus on the people or communities they mission to help and not practice profit or surplus distribution to shareholders. On the contrary, social enterprises arising from entrepreneurship to social issues appeared inspired by their own problems. A significant part of such social enterprises' funding is from earnings or repayments. They involve fewer volunteers, use fewer free services, focus on exchanging products or services for repayments, and distribute profit or surplus to shareholders.

Keywords: social enterprise, social issues, social entrepreneurship

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1. INTRODUCTION

Social enterprises have gradually attracted attention in academia and policy circles in recent years because they contribute to society in solving social issues. The concept of the social enterprise consists of two themes: one is society, and the other is business. The perspectives of "society" constitute the mission of any social enterprise: creating social contributions, for example, providing educational and employment opportunities, improving environmental sanitation, solving the plight of life, and generating value for life. Such causes or goals are traditionally concerns of nonprofit organizations. The "business" theme primarily reflects the for-profit nature of these organizations and facilitates their sustainability since adopting business practices helps build comparative advantages and market competitiveness and obtain profitability to achieve self-sufficiency and sustainability (Alter, 2008; Galaskiewicz, Bielefeld and Dowell, 2006; Huagh and Tracey, 2004; Peredo and Mclean, 2006; Ridley-Duff and Bull, 2011; Young, 2001). Thus, not only do social enterprises pursue their social mission, but they integrate business practices into their operations.

The "social enterprise" ideology has prompted many countries' policymakers, higher education institutions, and private organizations to promote the creation and development of social enterprises (British Council, 2020; European Commission, 2015; Hidalgo, 2020). When practitioners put the ideology to reality, concerns and questions on social entrepreneurship arise nonetheless. For example, what catalyst triggers the creation of social enterprises, and what resource plays the key role in their growth? Moreover, how do successful social enterprises or entrepreneurs balance the nonprofit nature of their social mission and the for-profit objective of their business operations? These questions have attracted many scholars' attention (Brooks, 2009; Dacin, Dacin and Matear, 2010; Dees, 2012; Grimes et al., 2013; London, 2008; Nga and Shamuganathan, 2010; Pless, 2012; Santos, 2012; Shaw and Carter, 2007; Stephan, Uhlaner and Stride, 2015; Sud, VanSandt and Baugous, 2009; Thompson, Alvy, and Lees, 2000). In particular, one strand of the literature focuses on whether and how social enterprises can establish sustainable operations and management and generate social value in continuity (Alter, 2004; Austin, Stevenson and Wei-Skillern, 2006; Bruneel et al., 2020; Dacin, Darin and Tracey, 2011; Leung et al., 2019; Zahra et al., 2009).

Much of the literature unidirectionally explores social entrepreneurship or the creation process of social enterprises. However, social entrepreneurship can emerge bidirectionally. They can arise from social issues to entrepreneurship. Some scholars, for instance, Peredo and Chrisman (2006), term such social enterprises as "community-based enterprises." They likely retain features of nonprofit organizations or community-related institutions because they aim to solve social problems and help vulnerable individuals, groups, or communities. Social entrepreneurship can as well develop in reverse from entrepreneurship to social issues. Seasoned entrepreneurs or entrepreneurial teams likely found social enterprises created through this course. Business ventures and profit-seeking are the identity marker of such individuals. Their compassion for others, nonetheless, plays a role in their motivation to steer for-profit operations toward societal causes (Grassl, 2012; Mair and Schoen, 2007). It is natural to expect social enterprises created in one direction to exhibit features and focus areas different from those developed in the other (Besley and Ghata, 2017; Smith, Gonin and Besharov,
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2013). Such differences are empirically explorable, yet the comparison and evidence range from sketchy to nonexistent.

What features during the entrepreneurial process characterize the differences between social enterprises emerging through the direction from social mission to entrepreneurship and those created through the reverse course? To what extent do the two types of social enterprises distinguish each other in their operation? Whether and how do the two types differ in their creation of social value and contributions? Our study seeks to answer these questions. We also aim to identify the problems and difficulties facing the two types of social enterprises and determine the critical factors of their success. Thus, our paper bridges the gap between the literature and the practice and provides the badly needed comparison between the two types of social enterprises.

We tackle the research questions by using in-depth interviews with social enterprise practitioners, scholars, and government officers in Taiwan. Such a qualitative approach suits well the explorative nature of the research agendas. In addition, our attention is paid to the differences between the two types of social enterprises in their entrepreneurship process, operation, and value creation.

We find that social enterprises emerging from social issues to entrepreneurship predominantly purpose to solve the general or broader community's social issues. Their funding seems to consist of insignificant profits, repayments, or business proceeds, but the resources they can mobilize are diverse. Such social enterprises are also more flexible and subject to fewer economic constraints. They typically serve a simple or uniform group of individuals and distribute no profits.

In contrast, social enterprises emerging from entrepreneurship to social issues are likely a result of the social issues facing the entrepreneurs or their families. To some considerable extent, such social enterprises' funding relies on repayments or profits. They have fewer societal resources, such as volunteers and donations, to exploit and mobilize. Individuals they care for need to pay to receive their products or services. Such social enterprises likely have shareholders, who may obtain earnings like corporate dividends from any surplus generated from operations.

The analysis and findings enhance our knowledge of social entrepreneurship and enterprises, providing insights into how social entrepreneurs blend business practices and social causes. We also better understand how the intertwine is affected by social enterprises' characteristics such as ownership, product choice, and external environment. Furthermore, the findings assist future social entrepreneurs in adopting more suitable business models, identifying their strengths, and choosing sound decisions in both business and social aspects.

2. RESEARCH FRAMEWORK

This study aims to explore the similarities and differences in the process of entrepreneurship, operation, and value creation between the two types of social enterprises: one through the course from social issues to entrepreneurship and the other from entrepreneurship to social issues. We adopt the literature on firm growth ideas and modify them into three stages: process, operation, and value creation. Thus, the research framework can be illustrated in Figure 1.
Our research approach utilizes in-depth interviews with social enterprise practitioners, scholars undertaking social enterprise research, and government officials in charge of promoting social enterprises. The interviews elicit these experts' knowledge about the process of social entrepreneurship, the operation of social enterprise operation, and the creation of social value. The three emphases—process, operation, and creation—loosely follow two strands of literature: one on organization growth and its determinants, and the other on the enterprise life cycle, and are elaborated in detail as follows.

In the process of social entrepreneurship, as depicted in Figure 2, there are four key elements: entrepreneur background, entrepreneur motivation, initial funding, and government attitudes. Entrepreneur background and entrepreneur motivation arise from the motivation perspective of enterprise growth (Pajarinen, Rouvinen and Ylä-Anttila, 2006; Shcumpter, 1934). Initial funding and government attitudes align with the resource-based view (Davidsson, 1989; Muthaih and Venkatesh, 2012). The elements affect the behavior and decision of entrepreneurs and thus influence the entrepreneurship process. Questions to be considered are: Why do entrepreneurs set up social enterprises? Do they have any entrepreneurial experience or related business skills? How can social enterprises secure funding (such as venture capital)? Is it sufficient or not? In addition: What are the governments' attitudes? How can social enterprises maneuver regulations and policies in the process of social entrepreneurship?
The scope and content encompassing social enterprise operations are complex. Therefore, this paper synthesizes, combines, and classifies them into nine manageable aspects: business planning, social resource acquisition, human resource sources, pricing strategies, product or service differentiation, revenue sources, financial conditions, earnings utilization, and ideas for social enterprise operations. These aspects deal with the influence of variables such as strategy and organization (Fazzari, Hubbard and Petersen, 1988; Freel and Robson, 2004; Lumpkin and Dess, 1996; Mateev and Anastasov, 2010). These categories involve the provision of product and service planning, the modes of resource acquisition and the use efficiency of resources, the basis of product and service differentiation, the means of obtaining revenue, the way of dealing with profits, and the influence of social issues on decision-making.

Social value creation is the vision of any social enterprise and encompasses five aspects: value creation, the relation to social issues, the relation to the general public, the economic viability of the product or service, and the main social issues of concern to the individuals the social enterprises intend to serve. In other words, these aspects address the creation of social value, the relationship between social enterprises and individuals they aid, the demand and supply relationship between social enterprises (as suppliers) and buyers, and the relationship between social enterprises and the general public. Thus, they are broadly consistent with prior work on social enterprises about engagement and management of their mission (Brooks, 2009; Cornforth, 2014; Ebrahim, Battilana and Mair, 2014; Kulshrestha, Sahay and Sengupta, 2022; Miller and Wesley, 2010; Ometto et al., 2019).

We conduct in-depth interviews with social enterprise practitioners, scholars, and government officers in Taiwan. Social entrepreneurship and enterprises in Taiwan emerged in the first decade of the 21st century. Such ideas have been welcomed by both the public and the private sectors (Wu, 2021). Higher education institutions such as Fu Jen Catholic University, Providence University, Feng Chia University, and Wenzao Ursuline University of Languages have advocated social
entrepreneurship and enterprise ideas and incorporated them into learning programs and curricula. Private organizations such as the Children Are Us Foundation, Sunshine Foundation, the Garden of Hope Foundation, and Social Enterprise Insight have also embraced and practiced the ideology of social enterprise. Government agencies, for instance, the Ministry of Science and Technology; Small and Medium Enterprise Administration, Ministry of Economic Affairs; and Workforce Development Agency, Ministry of Labor, have also orchestrated joint efforts to assist social enterprises in areas such as entrepreneurship, business or startup consultation, and human capital training. As a result, interviews with practitioners, scholars, and government officials in Taiwan's social enterprise circle constitute excellent qualitative evidence for the research questions we seek to answer.

3. ANALYSIS AND FINDINGS OF IN-DEPTH INTERVIEWS

We discuss in this section the analysis of interviews and the findings based on the three stages—process, operation, and social value creation—delineated previously.

3.1. Process of social entrepreneurship

We first contrast the two directions of social entrepreneurship on how they affect the process and creation of social enterprises. The interview contents and results are illustrated in Table 1. No matter from which direction social enterprises arise, having relevant professional and technology experiences and backgrounds is essential for tackling the social problems of concern and implementing suitable systems and mechanisms. For example, most social enterprises' initial operations are supported by their entrepreneurs' funding, but it is usually insufficient. Therefore, securing funds from external sources is essential for supporting social entrepreneurship development. The professional backgrounds undoubtedly play a vital role in the odds and chosen channel of obtaining external funding.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Question and option content</th>
<th>From social issues to entrepreneurship</th>
<th>From entrepreneurship to social issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial background</td>
<td>1. Experience and technology for related work or services</td>
<td>1. Most of them have relevant professional backgrounds.</td>
<td>1. Most of them have relevant professional backgrounds.</td>
</tr>
<tr>
<td>Entrepreneurial motivation</td>
<td>1. Exposure to social issues due to service work</td>
<td>1. Most of them encounter problems while doing service work related to social issues.</td>
<td>1. Work is mostly related to social issues.</td>
</tr>
<tr>
<td></td>
<td>2. Self is the relevant party of social issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial funding</td>
<td>1. Own or family assets</td>
<td>1. Owners’ assets and loans are the main sources of funds, partially supplemented by friends and partners.</td>
<td>1. Owners’ assets and loans are the main funding sources, and some obtain venture capital or parent company funds.</td>
</tr>
<tr>
<td></td>
<td>2. External fundraising or loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Corporate or social donation</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. Partnership</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>5. Government project</td>
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</tbody>
</table>
The direction from social issues to entrepreneurship mainly emerges from other people’s needs and wants, altruism, and the ease of accessing and garnering social support from the public. Therefore, social enterprises created from social issues to entrepreneurship and their funding sources are often concerned with whether and to what extent they have produced any social values and positively impacted others. Also, such social enterprises typically utilize surplus or business proceeds discretionally regardless of the fairness or deservedness of sponsored operations and activities.

In contrast, the direction from entrepreneurship to social issues relates more closely to the motivation of the entrepreneurs. The motivation is often a result of personal problems and experiences that impact future funding and operational planning. Such social enterprises likely employ funding sources such as repayments and profit-seeking activities. Co-created along with repayments and profit-seeking operations and activities is social value. Therefore, it is not surprising that these social enterprises are more concerned with whether and how to open up revenue channels and increase repayments and profits.

The government encourages social enterprises and renders support regardless of how they are formed. Typically, they expect not only to receive resources and subsidies from government agencies but also hope for assistance in practice along with rules and regulations that would facilitate and streamline their work and procedures rather than cause hindrances.

3.2. Social enterprise operation

We next conduct comparative analyses of social enterprise operations to determine whether they vary in the direction of social entrepreneurship. As shown in Table 2, the forming mechanism from social issues to entrepreneurship likely give birth to nonprofit organizations. This type of social enterprise is rarely aware of business planning. Instead, they often practice learning-by-doing as they acquire new skills and obtain new knowledge from solving encountered problems. In contrast, the other forming mechanism from entrepreneurship to social issues often results in social enterprises that are organized by experienced entrepreneurs or winning entrepreneurial competition teams. Therefore, they have distinct abilities to conduct business planning since they can better envision the targeted populations they intend to serve, allowing them to obtain higher practical knowledge in organizing social enterprises.
Table 2. The analysis and comparison of the social enterprise operation

<table>
<thead>
<tr>
<th>Subject</th>
<th>Question and option content</th>
<th>From social issues to entrepreneurship</th>
<th>From entrepreneurship to social issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business planning</td>
<td>1. Planned the medium-term goal at the beginning of the business.</td>
<td>1. Most of them are looking for solutions after encountering problems.</td>
<td>1. Most of them have business goals planned.</td>
</tr>
<tr>
<td></td>
<td>2. No planning, usually after a problem occurs, then think of a solution.</td>
<td>2. Most learn by doing.</td>
<td></td>
</tr>
<tr>
<td>Social resource acquisition</td>
<td>1. Free service or material acquisition</td>
<td>1. All take free services and supplies.</td>
<td>1. Most of them do not get free services or supplies.</td>
</tr>
<tr>
<td>Human resource sources</td>
<td>1. People who care for social issues become volunteers</td>
<td>1. They mainly rely on volunteers.</td>
<td>1. They employ most full-time employees and few volunteers.</td>
</tr>
<tr>
<td></td>
<td>2. The concern of social issues turned into volunteers</td>
<td></td>
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<tr>
<td></td>
<td>3. Become a volunteer because of the support concept</td>
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<td></td>
<td>4. The concern of social issues is turned into a formal employee</td>
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<td></td>
<td>5. Become a regular employee because of the support concept</td>
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<td></td>
<td>6. Become a regular employee through open recruitment</td>
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</tr>
<tr>
<td>Pricing strategies</td>
<td>1. Comparison with the price of similar products or services on the market</td>
<td>1. All of them use the same price as the market price.</td>
<td>1. Some use the same price as in the market, and some offer higher prices and products.</td>
</tr>
<tr>
<td>Product or service</td>
<td>1. Master key technologies</td>
<td>1. They rely on mutual trust with the concern of social issues to achieve differentiation.</td>
<td>1. They rely on critical technical skills to act as barriers to entry that others cannot imitate.</td>
</tr>
<tr>
<td>differentiation</td>
<td>2. Master the needs and trust of social issues and caring objects</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Business model innovation and an important part of the value chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue sources</td>
<td>1. Donations from companies, institutional groups, or the general public</td>
<td>1. Most products or services are produced by social care objects.</td>
<td>1. Revenue is entirely derived from the production of products or services, most of which are charged to the care recipients of social issues.</td>
</tr>
<tr>
<td></td>
<td>2. Government-commissioned plan or fund subsidy</td>
<td>2. Have a sales channel to distribute products and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Selling products or services provided by the people concerned with social issues</td>
<td>3. The skills needed to train socially cared for people are employed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Self-operated channels to sell other social enterprise products or services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Conduct a course or event on your own</td>
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<td></td>
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<tr>
<td></td>
<td>6. Self-produced products or services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Financial conditions</th>
<th>Earnings utilization</th>
<th>Ideas for social enterprises operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Already profitable</td>
<td>1. They all have a chance to balance in terms of revenue and expenditure.</td>
<td>1. Enterprise is mainly set up for the purpose of improving the financial status of sustainable businesses.</td>
</tr>
<tr>
<td>2. Still in a loss, but the losses continue to shrink</td>
<td>1. Most of them have not yet made a profit.</td>
<td>1. Early entrepreneurship was not specifically considered to be a social enterprise. Those classified as social enterprises were established as a part of the brand value at the beginning of entrepreneurship.</td>
</tr>
<tr>
<td>3. Still in a loss, but the loss cannot be reduced</td>
<td>2. Why shareholders distribute surplus</td>
<td>3. I am a general entrepreneur, but many people say that I am a social enterprise. I also think this is a good statement.</td>
</tr>
<tr>
<td>4. Not yet officially operating</td>
<td>1. There is no belief in surplus sharing between shareholders.</td>
<td>4. I started my business by creating to be a social enterprise. Social enterprises are part of my brand.</td>
</tr>
</tbody>
</table>

The forming direction from social issues to entrepreneurship leads social enterprises to establish a more diverse array of channels to acquire social resources such as income, human capital, and public support. For instance, such social enterprises' income resources include selling products or services from commercial activities and donations from the communities, religious groups, and corporations. On the contrary, social resource acquisition of social enterprises founded based on the other direction from entrepreneurship to social issues is rather fundamental and traditional. They appear to rely on both open recruitments to acquire human capital and commercial activities to obtain financial resources.

As the forming direction from social issues to entrepreneurship often transforms nonprofit organizations into social enterprises, providing goods or services aims to help the target population instead of seeking profits through high prices. Activities and operations focus on creating social value but little to no commercial value. Their capital expenditures are steered toward social capital formation rather than commercial capital. In stark contrast, social enterprises created through the direction from entrepreneurship to social issues produce goods or services to exchange directly with the people of social issues for a fee or repayment through market price. Because this type of social enterprise emphasizes commercial
operations, social value is co-created with commercial value. The labor costs incurred in their operations are typically financed by commercial capital.

The two forming directions lead social enterprises to differ significantly in using surplus. For example, social enterprises created from social issues to entrepreneurship typically do not want shareholders to share business surpluses. On the other hand, social enterprises, from entrepreneurship to social issues, are more agreeable to surplus sharing.

The two forming directions result in different focuses on future development. Created through the direction from social issues to entrepreneurship, social enterprises aim to improve their financial situation and achieve sustainable development. On the other hand, social enterprises emerging from entrepreneurship to social issues try to establish branding and create brand value at the beginning stage of their operations.

3.3. Social value creation

Lastly, we explore how the two forming directions of social entrepreneurship affect social value creation. As illustrated in Table 3, we find that both types of social enterprises place great importance on creating value for the people of interest by supplying goods or services, such as daily life necessities, education, training, or care, directly or indirectly through selling marketed products. The main difference between the two types is their willingness to improve their respective industries or the environment. Social enterprises emerging from entrepreneurship to social issues are more likely to make efforts to improve their industries or environment.

Table 3. The analysis and comparison of the social value creation

<table>
<thead>
<tr>
<th>Subject</th>
<th>Question and option content</th>
<th>From social issues to entrepreneurship</th>
<th>From entrepreneurship to social issues</th>
</tr>
</thead>
</table>
| Value creation | 1. Provide services to people  
2. Improve the natural environment  
3. Improve the industrial environment or system | 1. They mainly provide services to people. | 1. They attempt to improve the system of the industry or environment. |
| The relationship with the object of social issues | 1. Consumer  
2. Employees  
3. Supplier or partner  
4. Purely supported | 1. A few of them consider the object of care as a purely assisted person, most of whom are considered part of the supply chain. | 1. Most of them regard the object of care as a consumer, and there is no pure recipient. |
| The relationship with the general public | 1. Consumption  
2. Donation  
3. Participate in short-term practical activities  
4. Direct interaction with the care target of social issues in the short term  
5. Become a long-term volunteer | 1. There is high diversity, including every item and project. | 1. Most of the general public will be regarded as consumers, and half of them will design activities to bring the relationship between the public and social issues. |
The social care object of a product or service is economically viable

1. Most consumers can afford it.
2. More than middle-income earners are more affordable.

The main social issues of concern to the object

1. Through education or assistance, the cared person has the opportunity to leave the organization and become independent.
2. Create a problem-solving system, but the cared person does not need to leave the system and become independent.

1. They all expect the future caring object to leave the institution and become independent.
2. Most of them create a system that can solve problems, and social care objects do not have to leave.

The analysis of the relationship with the social issues of concern reveals that social enterprises emerging from social issues to entrepreneurial place a high value on social issues in question and treat business clients or customers with care. In contrast, social enterprises based on the other forming direction (from entrepreneurship to social issues) assist the people of concern through their operating activities while treating their employees, suppliers, and business or non-business partners with care.

The exploration of the relationship between social enterprises and the general public shows that those are emerging from social issues to entrepreneurship, in addition to providing public participation through volunteering, designing activities for the people of social issues, and the general public to interact with each other. Such a deliberate and strategic conduct that involves the general public allows people to know more about social enterprises, their operations, and contributions and thus enhances donations or improves the sales of offered products and services. On the other hand, those from entrepreneurship to social issues consider the people of social issues as the consumers in the market. Therefore, although still designing and undertaking some physical activities to increase the link, such social enterprises pay more attention to the consumption and sales relationship.

Whether the people with social issues can purchase or afford the product or service is restricted by their economic capacity. Social enterprises emerging from social issues to entrepreneurship likely provide such individuals the good or service at a price well designed to be within the range of their affordability. Social enterprises, from entrepreneurship to social issues, on the other hand, price the good or service higher, and thereby only some with sufficient income can afford it. This situation often occurs when goods or services offered by social enterprises are of a higher quality or degree of customization. Such goods or services incur higher production costs, translating to a higher price. As a result, individuals or families of lower income have difficulty becoming the object of this type of social enterprise.

4. DISCUSSION

The comparative analysis and the subsequent findings reflect some conventional concerns about the dual identities of social enterprises and highlight
other issues not addressed sufficiently in prior work. We intend to elaborate on them individually and provide practical implications in this section.

Firstly, should social enterprises only aim to solve social issues or accompany such a mission with a profit-seeking purpose? Our findings imply that if one places more importance on solving social problems than seeking profit, creating a social enterprise through the forming direction from social issues to entrepreneurship appears more sensible. Such a forming direction leads social enterprises to give priority to solving social issues and to be more flexible in mobilizing resources. This type of social enterprise hopes the people of concern can gain independence and survive without the social enterprise's assistance in the future. Thus, the targeted solutions to social issues and the development course of these social enterprises emphasize the future independence of the social care recipients. The exploitation of social resources is more intensive for such social enterprises. As a result, they appear more financially stable than those from entrepreneurship to social issues.

In stark contrast, if one would like to solve social issues and create social value while instantaneously accumulating personal wealth, our analysis suggests establishing a social enterprise through the course from entrepreneurship to social issues appears more logical. The interviews illustrate that this type of social enterprise usually has high social concentration or a limited set of human resources, social resources, and income sources. Such social enterprise's operations need to generate profits to pay for expenses, thus making it less flexible and secure. Such social enterprises typically create and follow a unique business model and cultivate a concentrated group of customers with social issues who are willing and able to consume the social enterprises' products or services. Such a type of social enterprise exhibits better business performance and efficiency. It can also obtain profits, if sufficiently large, that can be distributed to shareholders.

Secondly, what organizational structure should social enterprises form, and what background and skill set should would-be social entrepreneurs prepare and obtain? The in-depth interviews show that most founders have relevant professional experiences and knowledge, no matter what type of social enterprise, suggesting the common entrepreneurial skill set for entrepreneurs is also vital for social entrepreneurs. Nonetheless, the comparison illustrates that social enterprises emerging from social issues to entrepreneurship mostly start by helping others, and those from entrepreneurship to social issues emerge from tackling their concerns. The findings imply that when choosing types or directions of social entrepreneurship, creating a nonprofit organization is more sensible if one hopes to solve the community's social problems. On the other hand, it is better to adopt the course from entrepreneurship to social issues if one wants to solve their own social issues.

Thirdly, what resources should social enterprises employ and even gradually develop? Our analysis illustrates that sources and sizes of funding can impact not only the profitability and repayments of any social enterprise but also affect its future development and sustainability. Mobilizing funding sources such as public donations, corporate CSR funding support, and government subsidies to sponsor the operations of social enterprises, in practice, often require evidence of the creation or enhancement of social value. Thus, social enterprises' engagement with the people of social issues and the general public and the positive impacts of such
engagement on the community and society constitute critical proof. In addition, there is a high expectation for entrepreneurial performance if social enterprises demonstrate profitability or repayment ability and aim to operate as a business. Our findings suggest that such social enterprises should also deploy resources to develop their short, medium, and long-term operational planning capacity and achieve sustainable profitability or repayment stream.

Lastly, what product or service design should social enterprises design and develop, and what management direction should they adopt? Our analysis finds that no matter what forming direction a social enterprise is established from, the people with social issues can always partake in its operations and activities. The broader engagement of social enterprises emerging from social issues to entrepreneurship with the general public implies that they may design a more comprehensive array of products and services targeting the general public to assist the targeted individuals. On the other hand, social enterprises created through the forming direction from entrepreneurial to social issues can target the community or individuals in care and sell them niche or specially designed products and services. Furthermore, because such social enterprises tend to be of small size, they may have little variation in their ability to aid the targeted population over time. However, goods and services with extensive customization and superior quality incur higher costs, so carefully planning and developing economic capacity is advisable. Expanding the operation, improving the quality of existing goods and products, and introducing new ones should wait until operations become more stable and sustainable.

5. CONCLUSION

Social enterprises and entrepreneurs in Taiwan have been significantly increasing in recent years. The type of social enterprises, such as nonprofit organizations, mainly growing out through the course from social issues to entrepreneurship, remains a popular organizational form. The other type of social enterprise developing from the mechanism in which entrepreneurship or business ventures burgeon for social causes takes center stage.

We explore the three stages of social entrepreneurship—process, operation, and value creation—to compare the pros and cons of the two form directions, one from social issues to entrepreneurship and the other from entrepreneurship to social issues. The results of the comparison illustrate the features of social enterprises emerging from social issues to entrepreneurship. They are predominantly motivated to solve the general or broader community’s social issues. Their funding sources lack profits, repayments, or business proceeds. Their resources that can be employed and mobilized are diverse. Such social enterprises are also more flexible and subject to fewer economic constraints. They likely serve a simple or uniform group of individuals and have no shareholder or no obligation to distribute profits.

On the contrary, social enterprises emerging from entrepreneurship to social issues display different characteristics. Their motivation is more likely a result of the social issues facing the entrepreneurs or their families. Such social enterprises’ funding relies on repayments or profits to some considerable extent. They have fewer societal resources to exploit and mobilize, such as volunteers, donations, and free sources of venues and equipment. Individuals they care for need to pay in order
to receive their products or services. The social enterprises' shareholders likely obtain earnings like corporate dividends from any surplus generated from operations.

Our analysis and findings undoubtedly shed light on social entrepreneurship and enterprises and serve as a reference for social entrepreneurs to march on future ventures. Furthermore, the important implications on the process, operation, and social value creation help us better maintain the continuity of social enterprises. No matter which forming direction one emerges from, it is critical to balance social value creation and business performance. Only by doing so will one be able to foster sustainable development and continuously deliver social value to society.

There are some caveats, nonetheless, in our study. In-depth interviews, although insightful qualitatively, provide little quantitative assessment of social entrepreneurship. Nevertheless, it is possible to extend the study's findings into an investigation of social entrepreneurship and enterprises on perceptions and opinions of the three stages—process, operation, and social value creation. Government policies, business conditions, and acceptance of social enterprises may vary across countries. A comparison study like the current one is feasible in some countries but may not be probable in others. Our findings, although advancing knowledge, may yield little value in practice in countries where the ideas of social entrepreneurship and enterprises are not prevalent or where integrating social mission, issues, or causes with business ventures has not caught up.

References


