

Asian Social Enterprise Models in a Worldwide Perspective

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INTRODUCTION

It is now well acknowledged that the notion of social enterprise (SE) simultaneously emerged in North America and Western Europe and had only a very limited audience in other parts of the world, like in Asia, before 2010 or so. As shown in the introduction of this book, however, this does not mean that research initiatives did not exist to describe and analyse “non-conventional” economic initiatives and organisations in Asian countries. On the contrary, various other conceptual approaches were used to study “non-governmental organisations” (NGOs), “non-profit organisations” (NPOs), “third-sector organisations” (TSOs) or, more broadly, the “social economy”, as a large umbrella encompassing NPOs and cooperatives. Several of these works were strongly supported by international scientific networks, such as the International Society for Third-Sector Research (ISTR), which has had an Asian-Pacific regional branch since 1999.ⁱ The Johns Hopkins Comparative Nonprofit Sector Project (CNP), which focused on the identification and analysis of the non-profit sector worldwide, also played a critical role in some Asian countries.

Regarding the concept of social enterprise, it started to be used in Asia by a few pioneering and isolated scholars, who often relied on conceptions imported from the US or the European Union, as was clearly demonstrated for Japan by Tsukamoto and Nishimura (2009). Ground-breaking Asian researchers who helped to introduce the notion of social enterprise in the region include Han (2001) and No (2001), who contributed to making South Korea a pioneering country in this regard;ⁱⁱ Dacanay (2004), who presented “social enterprise stories in Asia”; Tanimoto (2006) in Japan; Wong and Tang (2006/2007) and Ding (2007) in China; and Kuan (2007) in Taiwan. Sometimes, the notions of social entrepreneur and social entrepreneurship were introduced before the social enterprise concept as such, for instance by Morato (1994) in the Philippines and by Prabhu (1999) in India. Some international foundations and institutions, like the British Council, also played an active role, through programmes promoting social entrepreneurship.

In this chapter, we adopted the generic conception of social enterprise used in the “International Comparative Social Enterprise Models (ICSEM) Project”. We wanted to avoid any *a priori* definition of social enterprise and, on the contrary, we sought to encompass the wide spectrum of organisations that combine an entrepreneurial dynamic to provide services or goods with the primacy of their social aims. As explained in the introduction of this book, the SE notion has been used in the ICSEM Project as a heuristic tool, with a view to better understanding this type of organisations. Indeed, most researchers today seem to acknowledge the impossibility of a unified definition of social enterprise. A main challenge in this field of research has then become to grasp the diversity of SE types. In such a perspective, many empirical descriptive studies have been carried out in the last decade. Some of them consisted in thorough “case studies”, through which various aspects of such diversity could be analysed and even theorised. Beyond such specific issues, however, the comparative analysis of SE types or models still lacked strongly

integrated theoretical foundations and, even more, empirical surveys that would enable researchers to statistically test typologies of SE models; this was all the more true at the international level, as empirical relevance should be sought in this case beyond national borders.

This chapter aims precisely at addressing the lack of a typology of SE models that would combine three key strengths: (1) it would be rooted in sound theoretical grounds, allowing for a wide diversity of SE models within each country and across countries; (2) it would be supported by strong empirical evidence, provided by statistical exploitation of the data resulting from a survey carried out in the same way in various countries; and (3) it would highlight the specificities of Asian SE models in a worldwide perspective.

In such a threefold ambitious perspective, this chapter is built on three major steps. While acknowledging the gaps that characterise existing SE classifications, we first propose a theoretical framework to identify a few major SE models, relying on two building blocks: on the one hand, “principles of interest”, as key driving forces at work in various parts of the economy and as matrices from which SE dynamics can emerge; and, on the other hand, “resource mixes”, as a central dimension of social enterprise, acknowledged by many authors. In a second major section, we start by examining a first source of empirical evidence about SE in Eastern Asia, which we confront with this theory-based typology. We then present a second source of empirical evidence, namely the database that resulted from the unique survey carried out in 2015 and 2016 on 721 social enterprises in some 43 countries across the world, in the framework of the ICSEM Project”.ⁱⁱⁱ In a third major section, we discuss the results obtained through the exploitation of this dataset and we compare the results at the world level with those obtained at the Asian level which, as will be shown, provide some strong support to our international typology of SE models.

1. THEORISING THE DIVERSITY OF SE MODELS

What is at stake with SE typologies is not just a wide, although simplified, view of the various types or models of social enterprise; nor is it a “struggle” against too much diversity. It is first and foremost a question of uncovering and acknowledging the fact that today, a wide range of entrepreneurial initiatives, generally private and primarily driven by social aims, actually address social or societal challenges.

Although relying on the sole observation of cases in the US context, Dees argued, as soon as in the late 1990s, that the level of market reliance should be seen as the most relevant criterion to build a classification of SE types. For him, social enterprises can be presented along a single-dimensional continuum between two extremes, corresponding respectively to a “purely philanthropic” pole and a “purely commercial” one (Dees 1996, 1998). However, Dees does not just refer to the market in terms of incomes from sales. Instead, he actually develops market principles (and philanthropic principles at the other extreme) in terms of motives, methods and goals, and he argues that most social enterprises combine commercial and philanthropic elements in a productive balance. The major strength of Dees’ SE spectrum is that its many sources of variations pave the way for an infinite number of operational SE models. It is therefore not surprising that many authors refer to this spectrum (Peattie and Morley 2008), to adapted versions of the latter (Nicholls 2006) or to a critical analysis of it (Seanor and Meaton 2007; Young and Lecy 2014).

The other side of the coin is that such multiple variations along a single continuous axis do not really help to define groups or categories of social enterprises. From the point of view of Dees' spectrum, all social enterprises can be seen as "intermediate organisations", and they may all be labelled as "hybrids" (Doherty *et al.* 2014).

Beside some attempts carried out before the early 2010s,^{iv} only few authors had made attempts, more recently, to conceptualise and/or theorise diversity in the SE field. At the national level, these efforts had mainly taken place in countries that had experienced specific and strong public or private strategies promoting social enterprise and social entrepreneurship. The best example is provided by the United Kingdom, which combines strong third-sector traditions (with mutual and cooperative organisations as well as charities) with brand new developments in the last fifteen years in terms of SE promotion by public authorities and various other bodies. In such context, Spear *et al.* (2009) identified four types of social enterprise, according to their origins and development paths. Much more recently, focusing mainly on the US SE landscape, Young *et al.* (2016) proposed the metaphor of a "social enterprise zoo", in which different types of animals seek different things, behave differently and may (or may not) interact with one another in both competitive and complementary ways... just like social enterprises, which combine social and market goals in substantially different ways.

When it comes to international comparative works, most of them were hitherto based on conceptualisations and/or policy frameworks shaped by specific national or regional contexts. For instance, Kerlin (2006) and Defourny and Nyssens (2010) mainly focused on comparisons of conceptual approaches of social enterprise in Europe and the United States. At a broad macro level, Kerlin (2009, 2015, 2017) adopted an institutional perspective, developing a macro-institutional framework and identifying key features of macro, meso and micro institutions in various countries to suggest how any set of cultural, socioeconomic and regulatory institutions tends to shape a specific major SE model per country (or sub-region). But although appealing from a theoretical point of view, Kerlin's approach did not provide foundations to theorise the diversity of SE types within individual countries (or regions).

In the Asian context, a few authors, like Tsukamoto and Nishimura (2009) for Japan, Kuan (2007) for Taiwan and Eum (2008) for South Korea, made early attempts to classify the SE types they observed in their countries. Chan *et al.* (2007) undertook an "exploratory comparative study" of SE types in Hong Kong, Taiwan and Shanghai. However, the strongest impetus to comparative research on SE models came in 2008 from a research project that was launched jointly by the EMES International Research Network and an informal group of East Asian scholars from China, Hong Kong, Japan, South Korea and Taiwan. Within this project, which proved to be a seminal initiative, all researchers designed and applied a common approach with a view to identifying and analysing the various SE types or models in their respective countries. Three major outputs came out of this collective dynamic. First, an International Conference on Social Enterprise in Asia (ICSEA) was organised in Taipei in 2010 to discuss papers presenting SE landscapes in the various participating countries, and this event paved the way for subsequent "ICSEA", held every two years in other countries. Secondly, the papers produced within the project were published in a special issue of the *Social Enterprise Journal*, under the title "Social Enterprise in Eastern Asia" (Defourny and Kuan 2011).^v Thirdly, on the basis of these detailed country

overviews, sharing a common structure, Defourny and Kim (2011) put forward a first typology of “emerging SE models” in Eastern Asia.^{vi} We will come back to this work later.

1.1. Three “principles of interest” as a cornerstone

Considering that social enterprises are often seen as belonging to the “third sector” or are somehow related to the latter (Defourny 2014), we chose to build our analysis upon some of the strongest theoretical frameworks focusing on the very identity of non-profit organisations or the third sector, such as those proposed by Hansmann (1996) and Gui (1991). The analytical framework we designed on this basis led us to consider three distinct major drivers or “principles of interest” that can be found in the overall economy:^{vii} the general interest (GI), the mutual interest (MI) and the capital interest (CI), which we derive directly from the ownership types theorised by Gui. We propose to represent them as the vertices of a triangle in which mixes of principles can be also represented along the sides (see figure 16.1).

Before trying to locate the various SE profiles or types on our graph, let us note that all associations (voluntary organisations) seeking the interest of their members (Gui’s mutual benefit) are located in the “mutual-interest” angle—as are all traditional cooperatives. By contrast, associations (voluntary organisations, charities...) seeking a public benefit (as the term is referred to by Gui) are located much closer to the general-interest angle, although not in the vertex itself, as their general interest (the community they serve) is usually not as wide (general) as the one served by the state. On the right-hand side of the triangle, shareholder companies mainly seeking capital interest sometimes develop CSR strategies through which they tend to express a concern for some issues of general interest, though without calling their main profit motive into question. This may be represented as a limited move upward along this side of the triangle.

The lower side of the figure represents a continuum between the cooperative treatment of profits and the capitalist stance on profits. In a cooperative, the search for profit is instrumental to the productive activity and profits are therefore only distributed as dividends with a cap and/or put into collective reserves with an asset lock; by contrast, distributing profit and increasing the value of their shares are the main goals of shareholding companies. In the case of large listed companies, investors may even consider production activities as instrumental to their quest for the highest short-term returns. Although capitalist as well, many small and medium-sized enterprises, especially family businesses, may balance in a different way the search for profits and non-financial goals (Zellweger *et al.* 2013).

1.2. Market reliance and the resource mix as central issues

A good deal of the literature and discourses on social enterprise underline a significant move towards market activities as a distinctive feature of social enterprise. When it comes to identifying operating social enterprises, many observers look at the proportion of market income and might require that at least 50% of resources come from market sales, like in various surveys carried out in the United Kingdom.

We have shown elsewhere (Defourny and Nyssens 2010) that such a stance is often far from the field reality in many countries, and that it is not shared by all schools of thought. However, we fully acknowledge the fact that the degree of market reliance is a major issue in the debate and we certainly do not want to avoid it.

Therefore, we have drawn two dotted lines across our triangle to take into account the various combinations of resource types (market income, public grants, philanthropic resources), establishing a distinction between situations in which market income dominates, those in which non-market resources (public funding, voluntary resources) dominate, and those in which a resource mix (hybrid resources) is preferred with a view to better balancing the social mission and the financial sustainability (see figure 16.1). It should be noted that the lower dotted line also divides the “mutual interest” angle: cooperatives are enterprises operating mainly on the market and they appear below the line, as do all enterprises earning all or the bulk of their income from the market; on the contrary, mutual-interest associations, like sport clubs and other leisure voluntary organisations, generally rely on a mix of market resources (member fees, sales at a bar or cafeteria) and other resources, such as volunteering and public contributions in the form of sport infrastructures and other indoor or outdoor facilities.

1.3. Institutional trajectories generating SE models

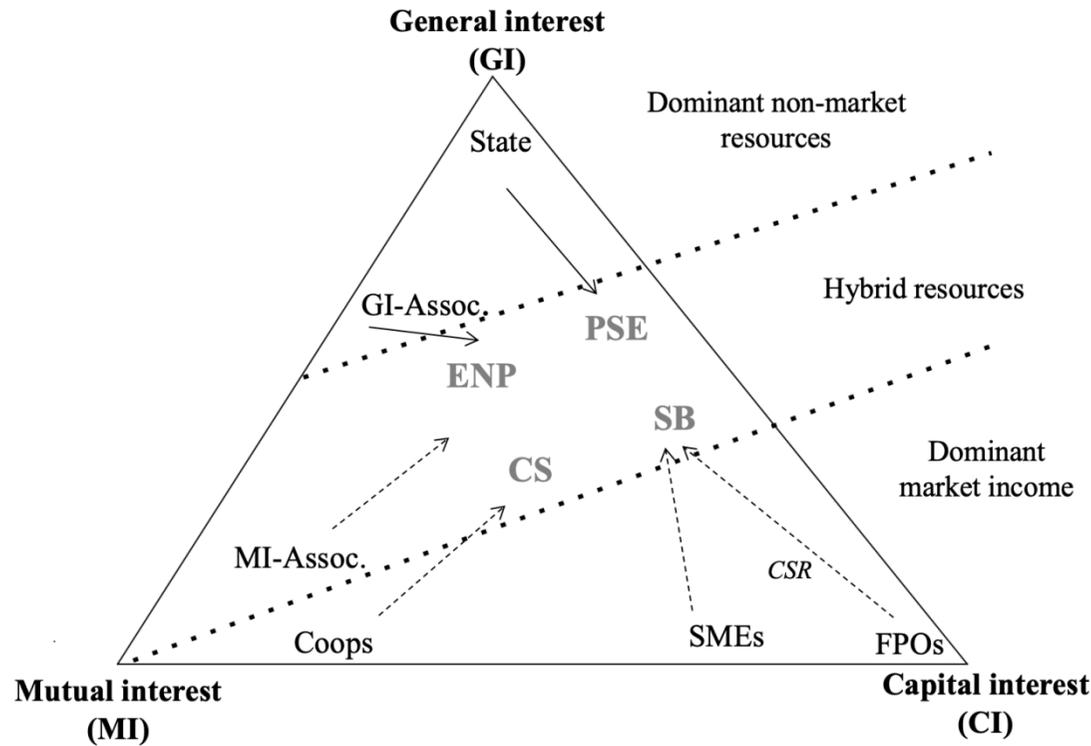
On the basis of our triangle, we represented how various “institutional trajectories” in the whole economy may generate SE models (Defourny and Nyssens 2017).

As shown in figure 16.1, SE models (in grey) emerge from six traditional models through two distinct institutional trajectories:

(1) The first type of logic generating social enterprises can be observed among non-profit or public organisations experiencing a downward move *towards marketisation* (solid-line arrows):

- **The entrepreneurial non-profit (ENP) model** gathers all non-profit organisations, most often general-interest associations (GI-Assoc.), that are developing any type of earned-income activities in support of their social mission.
- The **public-sector social-enterprise (PSE) model** results from a movement towards the marketisation of public services which embraces “public-sector spin-offs”. These SEs are usually launched by local public bodies, sometimes in partnership with third-sector organisations, to provide services which are outsourced (such as care services) or new services (such as those offered by work-integration social enterprises—WISEs)

Figure 16.1. Institutional trajectories and resulting SE models



(2) The second type of logic corresponds to an upward move of conventional cooperatives and mutual-interest associations *towards a stronger general-interest orientation* (dotted arrows), and such a move may also be observed through some advanced CSR initiatives launched by the traditional business world:

- The **social-cooperative (SC)**^{viii} model differs from traditional mutual-interest organisations—i.e. cooperatives (Coops) and mutual-interest associations (MI-Assoc.)—in that it combines the pursuit of its members’ interests (mutual interest) with the pursuit of the interests of the whole community or of a specific group targeted by the social mission (general interest).

- **The social-business (SB) model** is rooted in a business model driven by shareholders' (capital) interest, but social businesses mix this logic with a "social entrepreneurial" drive aimed at the creation of a "blended value", in an effort to balance and better integrate economic and social purposes.

At first sight, when looking at figure 16.1, the four SE models seem to arise from new dynamics at work in pre-existing organisations. Thus, it may seem that social enterprises cannot be created from scratch. Such an interpretation is clearly misleading as a new (social) enterprise can emerge everywhere in the triangle; its location will depend on its general-interest orientation, and on the way in which the organisation balances social and economic objectives and various types of financial resources.

As suggested above, our typology of SE models is based on some key dimensions, to which we referred as "fundamentals" in Defourny and Nyssens (2017). We do not pretend that it covers all possible SE cases; especially, we are aware of the many types of hybridity and joint ventures that can be observed in the field.

2. LOOKING FOR EMPIRICAL EVIDENCE

As we now have a typology of SE models built upon solid theoretical foundations, we want to assess its relevance in Asia. We will do so in two ways, which will prove to be quite complementary.

2.1. Confronting the theory-based typology to a field-based description of SE models in East Asia

As a first step, we will consider the SE models observed and described by Defourny and Kim (2011) as a result of the comparative analysis of social enterprise in five Eastern Asian countries (see table 16.1). Empirical evidence was not collected at enterprise level; instead, the researchers identified forms and categories of organisations that might fit more or less closely with their understanding of the notion of social enterprise.

Table 16.1. Typology of emerging SE models in Eastern Asia

Broad models	Dynamics	Corresponding forms or categories in each East Asian country/territory
A. Trading NPO	NPOs looking for new sources of income or seeking to achieve financial sustainability through the delivery of social services (other than work integration)	<ul style="list-style-type: none"> • Service-providing NPO <i>hojin</i>, <i>takurojos</i> (Japan) • Fee-for-service initiatives launched by social-welfare foundations (Taiwan) • Subsidiaries of NPOs set up to earn market income (Hong Kong) • Fee-charging civilian-run non-enterprise units (China) • Community welfare centres (South Korea)
B. WISE	Provision of (stable or temporary) job opportunities with training and/or employment services	<ul style="list-style-type: none"> • Social workshops (<i>kyodoren</i>), workers' collectives, elderly citizens' cooperatives (Japan) • Self-sufficiency enterprises, certified social enterprises (job-provision type) (South Korea) • Affirmative businesses (Taiwan) • NPOs' initiatives for work integration (Hong Kong) • Social-welfare enterprises, community-based employment entities (China)
C. Non-profit cooperative	Collective self-employment and innovative responses to unmet needs based on co-operative tradition	<ul style="list-style-type: none"> • Farmers' specialised co-operatives (China) • Workers' collectives, elderly citizens' co-operatives (Japan) • Consumers' medical co-operatives, workers' co-operatives (South Korea) • Social-cooperative-type initiatives operated by NPOs (Hong Kong, Taiwan)
D. NPO-FPO partnership	Involvement of private companies (or company foundations) to support NPOs or joint initiatives with a social mission	<ul style="list-style-type: none"> • Social (joint) ventures (Hong Kong, Taiwan, South Korea, Japan, China)
E. Community-development enterprise	Multi-stakeholder partnerships (between NPOs, FPOs and public entities) promoting participatory local development	<ul style="list-style-type: none"> • Local community development organisations (Taiwan) • Community businesses, rural women entrepreneurship (Japan) • Self-sufficient local community businesses (South Korea) • Farmers' specialised co-operatives (China)

Source: Defourny and Kim (2011).

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Table 16.3. Main features of SE clusters in Asia

Social enterprise models	Social-business (SB) model	Social-cooperative (SC) model		Entrepreneurial non-profit (ENP) model			
		Cluster 2 Cooperative SE	Cluster 3 Cooperative microfinance SE	Work integration non-profits		Multi-purpose non-profits	
Cluster No. & dominant type in the cluster	Cluster 1 Small and medium-sized SB			Cluster 4 Non-profit-parent-launched WISE	Cluster 5 Non-profit WISE	Cluster 6 Local-development ENP	Cluster 7 Health and social services ENP
Number of observations	26	12	5	24	10	15	8
Legal form	In most cases, Ltd companies / sole proprietorship	In most cases, cooperatives		Wide variety of legal forms; sometimes informal	In most cases, NPOs	NPOs, Ltd companies, cooperatives, informal organisations	In most cases, NPOs and foundations
Goods and services provided	Various	Various, among which health and social services	Mainly financial services	Various	Various	Various	In most cases, education, health and social services
Social mission	Various social missions, among which employment generation	Various social missions linked to community development and employment generation	Mainly access to financial services	Work integration	Work integration	Local development, ecology, access to education, capacity building	Equality and empowerment, access to health services, employment generation
Relation between economic activity and social mission	Mission-centric (54%) or mission-related (42%)	Mission-centric (83%)	Mission-centric (60%)	Mission-centric (46%) or mission-related (42%)	Mission-related (100%)	Mainly mission-centric (62%)	Mainly mission-centric (62%)
Economic model	Dominant market income					Market sales (41%) Subsidies (30%) Donations (13%)	Market sales (42%) Subsidies (30%) Donations (23%)
	Market sales (92%)	Market sales (86%)	Market sales (58%) Return on investment (22%)	Market sales (82%)	Market sales (60%) Subsidies (34%)		
Prices applied for the main economic activity and % of SEs applying them	Market price (54%) or below market price (27%)	Market price (42%) or below market price (50%)	Below market price (80%) or free of charge (20%)	Market price (58%) or below market price (25%)	Market price (60%) or below market price (40%)	Free of charge (53%), market price (14%) or below market price (33%)	Free of charge (62%), market price (25%) or below market price (13%)

<u>Governance model</u>	<u>Independent or capitalist</u>	<u>Democratic</u>		<u>Mainly democratic Some independent</u>	<u>Democratic</u>	<u>Mainly democratic Some independent</u>	<u>Democratic</u>
<u>Origin of the SE</u>	<u>One person (46%) or a group of citizens (46%)</u>	<u>In most cases, a TSO (association, cooperative, foundation) (67%)</u>	<u>A group of citizens or a TSO (60%) or one person</u>	<u>In most cases, a TSO (association, foundation, cooperative) as a parent organisation (71%)</u>	<u>A group of citizens, (60%) or one person (40%)</u>	<u>In most cases, a group of citizens (53%)</u>	<u>In most cases, a group of citizens or a TSO; or one person (38%)</u>
<u>Multiple stakeholders' board</u>	<u>8%</u>	<u>61%</u>	<u>40%</u>	<u>46%</u>	<u>NA</u>	<u>40%</u>	<u>62%</u>
<u>Ultimate decision-making power</u>	<u>One person (50%) or board (23%) or general assembly (23%)</u>	<u>GA/board (mainly workers and representatives of a wide diversity of other stakeholders)</u>	<u>GA/board (mainly users and managers)</u>	<u>GA/board (managers, experts and representatives of other stakeholders)</u>	<u>GA/board (workers [always], experts, volunteers, donors and citizens)</u>	<u>GA/board (wide diversity of stakeholders) or, in some cases, one person</u>	<u>GA/board (wide diversity of stakeholders)</u>
<u>Rules limiting profit distribution</u>	<u>No (62%)</u>	<u>Yes (100%)</u>		<u>Yes (50%)</u>	<u>Total non-distribution constraint (90%)</u>	<u>Yes (73%)</u>	<u>Yes (62%)</u>
<u>If the SE terminates its activity, net assets go to...</u>	<u>Undetermined (38%)</u>	<u>Another SE or NPO (70%)</u>	<u>Members (40%)</u>	<u>Another SE or NPO (25%) or the parent organisation (46%)</u>	<u>Another SE or NPO (90%)</u>	<u>Another SE or NPO (40%)</u>	<u>Various rules</u>
<u>Paid employees (median size of workforce per SE)</u>	<u>8</u>	<u>13</u>	<u>NA</u>	<u>45</u>	<u>30</u>	<u>12</u>	<u>61</u>

In this table 16.1, it is striking to observe strong parallels between the two typologies of SE models. First, the “trading NPO” clearly corresponds to our “entrepreneurial non-profit”, through its emphasis on earned income, and the “non-profit cooperative” stresses the priority of the social mission and a general-interest orientation, like our “social cooperative”. Secondly, the “NPO-FPO partnership”, covering social ventures launched by private companies, appears like an hybrid form combining characteristics of our “social-business” and “entrepreneurial non-profit” models. Moreover, three of the four models in our theory-based typology (namely the three models we have just cited) find empirical support in forms and categories identified in the five countries or territory (Hong Kong) covered by the study.

We also learn from table 16.1 that two additional models (B and E) were identified through their social mission rather than through their organisational form. Indeed, the work integration of disadvantaged people appeared so widespread and significant in all five countries that it was deemed relevant to define a “WISE umbrella” (B model). Regarding the “community development” mission (E model), it referred to an active role of the state or local public agencies—a feature that draws our attention, as we put forward the hypothesis of the existence of a “public-sector SE” (PSE) model. But in table 16.1, the state is not presented as launching initiatives on its own; it is rather said to partner, in most cases, with NPOs and FPOs to launch community-development initiatives. More generally, this suggests that the state is more likely to get involved in multi-stakeholder initiatives than to act as a sole SE entrepreneur, which only provides limited support to our theory-based PSE model. And more fundamentally, this invites us to consider that the state mostly plays a broader, regulatory role, through various types of action which contribute to shaping the SE landscape: providing new legal frameworks for SE, setting up accreditation systems that give access to some types of support, promoting SE through public-procurement mechanisms, developing specific financial tools or fiscal advantages, etc.

2.2. Exploiting the unique ICSEM survey and database on social enterprise

In the second phase of the ICSEM Project (see the introductory chapter to the present volume), another source of empirical evidence became available to address the lack of reliable datasets at enterprise level and to undertake international comparative analyses: indeed, in-depth information was collected about social enterprises on the basis of a common questionnaire. More precisely, ICSEM research partners interviewed the managers of three to five social enterprises^{ix} that were deemed emblematic of each SE type identified in each country that had participated in the project’s first phase.

The questionnaire resulted from several rounds of discussion within the “ICSEM research community”; the goal was to design a questionnaire that would be meaningful and relevant in all world regions. Thanks to these efforts, detailed data were collected in a rather homogenous way for 721 social enterprises from 43 countries (see table 16.2). Needless to say, such a sample is by no way representative of the SE population across the world. Not only is the distribution across continents particularly uneven, with a quasi-absence of Africa; more fundamentally, the whole SE population was simply unknown, as there is no universal definition of social enterprise. In a few countries where a SE definition does exist, for instance through a law promoting social enterprise, such definition does not generally enable an uncontested mapping and statistical analysis, because such a legal approach is often deemed too large or too narrow.

Table 16.2. Number of countries and social enterprises covered by the ICSEM survey

	No. of countries	No. of SEs
Europe	19	328
Latin America	7	162
Asia	9	100
<i>China</i>		6
<i>Hong Kong</i>		11
<i>Indonesia</i>		10
<i>Japan</i>		14
<i>Philippines</i>		5
<i>Singapore</i>		2
<i>South Korea</i>		22
<i>Taiwan</i>		20
<i>Vietnam</i>		10
USA - Canada - Australia - New Zealand	4	45
Africa (Rwanda - South Africa)	2	55
Middle East (Israel - United Arab Emirates)	2	31
Total	43	721

These limitations do not prevent us from arguing that our overall research strategy, which combines a theoretical typology and a quite demanding bottom-up empirical approach, constitutes a major step toward capturing the diversity of SE models. The next step indeed was to exploit the dataset built through the ICSEM survey in order to see whether it provides, or not, any empirical support to the above typology of SE models, both at the global level and more particularly for Asia.

2.3. A hierarchical cluster analysis (HCA) to identify major SE categories at the global level

For the purpose of carrying out a cluster analysis, quantitative and qualitative (nominal and ordinal) variables were extracted from the questionnaire. The ultimate goal was to describe each of the 721 SEs along five major dimensions: (1) general identity (legal form, origin, accreditations); (2) social mission (mission's nature, relation with the SE's main economic activity, price of the goods and services provided, type of innovation); (3) workforce composition (workers and volunteers); (4) financial structure in general and, more precisely, ways in which the SE combines various types of resources; and (5) governance structure and rules regarding the allocation of profits/surplus. Multiple choices and combinations of several choices were possible for many questions, and we defined 141 variables.

We performed a hierarchical cluster analysis (HCA) at the global level, with all 721 observations.¹⁰ At this worldwide level, seven clusters of SE emerged from the HCA, and their careful examination led to the conclusion that three of our four theoretical SE models were strongly supported by this empirical analysis: the entrepreneurial non-profit (ENP) model, the social-cooperative (SC) model and the social-business (SB) model (Defourny *et al.* 2019a). Also worth noting is the fact that these three models were found in 39 countries out of 43.

3. FINDINGS REGARDING SE MODELS IN ASIA

At the level of Asia, the number of social enterprises covered by the ICSEM survey was not high enough to perform the same statistical analyses as at the global level. However, we exploited the available data for 100 social enterprises in Asian countries (see table 16.2) to the largest possible extent, including an analysis in a comparative perspective with the results obtained at the global level. In order to carry out such a comparative analysis, we first have to examine the structure of table 16.3: the columns correspond to the seven clusters of SE that were identified through the HCA performed at the global level (with the whole sample of SEs). However, data presented in this table are not the results of the HCA performed with the whole sample; instead, we segregated the data on the 100 SEs from Asian countries, and table 16.3 shows their "contribution" to the seven clusters (columns) for all the considered dimensions (rows of the table).

Table 16.3. Main features of SE clusters in Asia

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3.1. A dominant entrepreneurial non-profit (ENP) model with striking internal variations

Let us look first at the distribution of the 100 SEs observed in Asia among the three major models: in spite of variations among them, the four clusters (4, 5, 6 and 7) corresponding to an “entrepreneurial non-profit” (ENP) model gather exactly the same proportion (57%) of SEs as they do at the world level. This confirms that the non-profit sector is a dominant matrix, in Asia as at the global level, from which SEs emerge and in which they operate.

When analysing these four ENP clusters in more detail, a major result that stands out is the fact that one third of Asian SEs (34%) belong to the “non-profit WISE” clusters (4 and 5), while 23% of SEs belong to clusters 6 and 7, which gather what we may call “multi-purpose entrepreneurial non-profits”; the corresponding figures at the global level are respectively 15% and 42%. In other words, non-profit entrepreneurial initiatives identified as social enterprises in Asia are dealing, much more frequently than what is the case at the world level, with the issue of work integration of “hard-to-place” workers; and they also deal with this issue more often than with other social and societal challenges. This confirms what had been highlighted by Defourny and Kim (2011) in their typology (see table 16.1): in Eastern Asia, WISEs are particularly important—to such an extent that these authors considered that WISEs could be regarded as a SE model of its own, although most other models in their typology were defined on the basis of organisational criteria.

ICSEM data also reveal that various strategies may be adopted to create and manage a WISE. WISEs can choose to operate under a non-profit legal form and to be registered by public authorities in one way or another, thus gaining access to subsidies covering about one third of their budget (cluster 5). Alternatively, and most often, a WISE can be created by a non-profit parent organisation, such as a foundation or an association, which is likely to support it in one way or another. In this case, the WISE itself can take any legal form, adopting the form that is best adapted to the market that generates its income. Such legal arrangement probably corresponds to some partnerships between for-profit companies (through their foundations) and NPOs, operating as “social joint ventures”, which have been observed throughout Eastern Asia by Defourny and Kim (see table 16.1).

Regarding multi-purpose NPOs (clusters 6 and 7), which represent 23% of all SEs (as compared to 42% at the world level), results suggest that these Asian ENPs have quite specific features regarding their economic model: most of them deliver their services and goods for free, and only a small minority (13% and 25% respectively for clusters 6 and 7) sell their production at market price. Accordingly, they have a very particular resource structure: only some 40% of their budget is covered by market sales; subsidies account for one third of their resources; and donations are particularly significant (23%) for NPOs in cluster 7, which operate in education, health and social services and are much larger (with a median size of 61 paid employees) than those gathered in cluster 6, which deal with local development, ecology and capacity building (and have a median size of 12 employees). It is also worth stressing that, although the share of SEs belonging to these two clusters is higher at the global level (where clusters 6 and 7, as mentioned above, gather 42% of all SEs), the hybrid financial structures and the significant difference in terms of size observed in Asia are also observed for the whole ICSEM sample.

3.2. A social-cooperative (SC) model confronted to historical legacy

SEs in cluster 2 display features which are clear signals of a cooperative identity. Not only do they adopt a cooperative legal form, but they also operate almost exclusively on the market, from which they derive 86% of their resources. Moreover, their governance is firmly democratic; a return on capital is permitted but strictly limited; and there is an asset lock, which means that, in case the cooperative terminates its activity, net assets should go to another SE or NPO. In addition to this typical cooperative profile, several other features are clear indications of the “social” dimension of these initiatives: These SEs’ mission is most often to foster community development and employment creation, especially in disadvantaged areas; more precisely, the services they deliver are mainly related to health (medical cooperatives) and social work, being thereby mission-centric. Moreover, these services are quite often delivered below market price. And finally, various types of stakeholders are associated in the general assembly and in the board, which is a way to protect a “general-interest” orientation.

Although not numerous, cooperatives in cluster 3 represent the very long-lasting tradition of “savings and credit cooperatives”, which constitute a major pillar of the cooperative movement across the world. The cooperatives observed here deserve to be qualified as “social” to the extent that they offer financial services below market price (80%) or even free of charge (20%), in a typical micro-finance perspective. This probably explains why only 58% of their resources come from the market, with more than 20% of their resource mix coming from investment revenues.

The two cooperative clusters (2 and 3) represent together only 17% of all observed SEs in Asia, while they gather 24% of SEs at the world level. This comparatively weaker proportion in Asia might be related to the legacy of the communist regimes or dictatorships, which promoted cooperatives as instruments of economic and political control. In several countries, overcoming the negative image that became attached to cooperatives as a result hereof may take a long time. However, quite active and innovative cooperative movements in countries like Japan and South Korea are now deeply rooted in the civil society and serve as a key support for cooperative-type social enterprises, as shown in various chapters in this book. It is also interesting to note that a certain weakness of the social-cooperative model in Asia contrasts very strongly with the strength of that model in Latin America, where cooperatives actually dominate the SE landscape. In this region, one can witness the creation of cooperatives by poor people or other disadvantaged groups with the support of social movements promoting a solidarity economy and workers’ empowerment (Defourny *et al.* 2019b).

3.3. A social-business (SB) model strongly contrasting with the other models

The “social-business” model (cluster 1) corresponds to a single cluster, which gathers 26% of the 100 observed SEs. What is striking is that the SB model strongly contrasts with all other SE models along most dimensions listed in table 16.3. First, unlike what is the case for SEs belonging to the other models, a significant share of these initiatives have been launched by a single person (46%); a similar percentage is only observed in a sub-group of the ENP model (namely among non-profit WISEs). Secondly, most social businesses (75%) adopt the legal form of limited company—a feature which is not frequent at all in the other clusters. In support of their various social missions, they mainly deliver their production at market price, and market sales represent 92% of their resources, which constitutes the highest proportion across all models, although some sub-groups in other models (such as cooperative SEs) also rely heavily on market sales. Social businesses’ governance structure is even more specific,

and it is quite far from the rules that traditionally prevail in cooperatives and NPOs: the ultimate decision-making power is mainly in the hands of a single person; when there is a board (in 23% of cases), only one category of stakeholder is represented; there is generally no rule limiting profit distribution, and no pre-determined beneficiary of the net assets in case the social enterprise terminates its activities. Finally, let us note that social businesses are quite small enterprises, with a median size of 8 paid workers, a feature that is shared with SEs from clusters 2 and 6; this figure is much lower than in clusters 4, 5 and 7, in which the median size ranges from 30 to 61 paid employees.

CONCLUSION

The main goal of this chapter was to evaluate the relevance for Asia of our theory-based typology of SE models (figure 16.1); the combination of two distinct and complementary sources of empirical evidence (Defourny and Kim's [2011] study on East Asia, synthesised in table 16.1, and the ICSEM database on SEs, analysed in table 16.3) proved to be a key asset in this perspective. We will conclude this chapter by summarising the key elements identified through this twofold analysis.

First, as already underlined, three of our four major SE models found strong empirical support in Asia, whatever the source of empirical evidence considered. The existence of our entrepreneurial non-profit (ENP) model was fully confirmed, as it corresponds to four clusters identified on the basis of the ICSEM database, and to the "trading NPO" model identified earlier in Eastern Asia. Our social-cooperative (SC) model closely corresponded to the "non-profit cooperative" in table 16.1, and it is clearly supported by ICSEM results (two clusters). Finally, a cluster of SEs whose distinctive profile closely matches our social-business (SB) model has been identified through the analysis of ICSEM data.

Similar results had also been obtained at the global level, as explained in Defourny *et al.* (2019a). An important finding, more specific to Asia, is the fact that, while earlier work on East Asian countries (including, for example, the study synthesised in table 16.1) described work-integration social enterprises (WISEs) as a model in itself, ICSEM results show that the work integration of long-term unemployed workers, disabled people or other disadvantaged groups must be seen as a far-reaching social mission that is endorsed, to varying extents, by a wide diversity of social enterprises. Such a perspective sheds a completely new light on this question. Social enterprises such as those in clusters 4 and 5 most probably represent a large majority of WISEs, but SEs from other clusters (mainly clusters 1, 2 and 7) may also make employment generation their sole or primary social mission. In other words, we should look at WISEs as a large spectrum of social enterprises broadly sharing the same social mission and which choose, among SE models, the one or those that best fit their specificities (the profile of the SE's target groups; the types of products or services; the enterprise's economic model; its governance structure; the legal frameworks within which it operates; its stakeholders...). For the sake of clarity, it is possible to consider the "WISE" acronym as a "second-tier qualification" that can be combined with any SE model. In the typology-testing perspective of this chapter, work integration may also be seen as the mission or "field" which best highlights the need for acknowledging and analysing a large diversity of SE models.

Both table 16.1 (based on Defourny and Kim's study on East Asia, carried out in 2011) and table 16.3 (based on the analysis of the ICSEM database) highlight another major result: the existence—observable in the field—of many partnerships. Indeed, in all five East Asian countries, SEs corresponding to Defourny and Kim's D and E models (i.e. NPOs supported

by private companies or their foundations and NPOs partnering with FPOs and local public agencies in a dynamic of local community development) could be identified. In the ICSEM survey, partnerships appeared as a defining feature of a whole cluster (cluster 4), which gathers various types of WISE supported by a non-profit parent organisation. Partnerships were also reflected in the multi-stakeholder structure of the SEs' governing bodies (such as their boards).

Regarding the place and role of the state, our results suggest that the latter may tend to get involved in the setting up and the governance of some SEs, but generally not as the sole entrepreneur. Should this be taken to mean that our fourth theory-based SE model, namely the "public or quasi-public" SE model, should be forgotten? We are of the view that, on the contrary, there are at least two reasons why this question requires further research. First, in fields requiring heavy investment, such as social housing, the state might take the lead in an entrepreneurial stance and generate a "public or quasi-public" SE dynamic. Secondly, such undertakings might have been overlooked by ICSEM researchers on the basis of SE conceptions focusing on initiatives launched by citizens, civil-society organisations or individual social entrepreneurs. For now, however, in Asia like at the world level, the main contribution of the state in the field of SE certainly lies in the design and implementation of various policy instruments promoting SE development.

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ⁱ As to the concept of social economy, it has been mainly promoted in Asia by the CIRIEC, through its Japanese section. Such attempts to highlight close connections between the NPO tradition and the cooperative tradition in Japan also found support in a conceptualisation of the “non-profit-cooperative sector” (Tomizawa and Kawaguchi 1997).

ⁱⁱ South Korea was the first Asian country that passed a law to promote SE development (in 2006).

ⁱⁱⁱ See the introductory chapter to the present volume.

^{iv} For instance, Alter (2007) also focuses on the place and role of market logics to put forward a typology based on mission orientation, the nature of target markets and the degree of integration of business activities in social programmes.

^v As already mentioned in the introduction of this book, the SEJ special issue included contributions by Yu (2011) for China, Chan *et al.* (2011) for Hong-Kong and Taiwan, Laratta *et al.* (2011) for Japan, and Bidet and Eum (2011) for South Korea.

^{vi} Santos *et al.* (2009) have also been among the pioneering authors trying to describe the emergence of SE in Asia. However, they did not try to identify any SE models; instead, they simply illustrated the various issues they developed (legal frameworks, supporting organisations and policies, future perspectives) through short descriptions of cases in a few Southeastern Asian countries.

^{vii} Developments leading to this analytical framework have been presented in previous works (especially Defourny and Nyssens 2017).

^{viii} The “social cooperative” concept made its first appearance in the very early 1990s in Europe to refer to new cooperative-like initiatives which were emerging to respond to unmet social needs through the development of economic activities.

^{ix} In a few countries, like the Philippines, Singapore and China, this number was smaller for various reasons; in particular, in some cases, important questions could not be answered.

^x All methodological details can be found in Defourny *et al.* (2019a); this article also provides comments on all the results obtained at the world level.

