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AN EXPLORATION ON THE BUSINESS MODEL OF SOCIAL ENTERPRISES OWNED BY CHINESE ENTREPRENEURS IN TAIWAN

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ABSTRACT

This study aims to explore the business models of the social enterprises owned by Chinese entrepreneurs and tries to construct a business model. In order to overcome the shortcomings of a lack of objective verification in the qualitative study, for example, whether or not there is significance for the variables, and whether or not there is consistent reliability and validity of the sample, this study adopts a new qualitative study method fuzzy set qualitative comparative analysis, (fs / QCA) to conduct empirical study. The research conclusions further support the design of the model elements of the social enterprises run by Chinese entrepreneurs, we suggest that three elements (guanxi, social value proposition, and social and environmental benefits) be considered for exploration to fully explore the 10 necessary business model elements. The preliminary exploration results verify that fs / QCA could assist researchers in finding out the causal correlation among variables, determine whether or not there are necessary conditions or sufficiency conditions and have a more objective analysis tool to interpret the causal correlation of small samples. It is also another approach for social science study to complete the gap in research methods between quantitative and qualitative research.

Contribution/ Originality

This study adopts fs/QCA to conduct an exploration of the business model of Chinese social enterprises, fs/QCA assists researchers to simply visualize the way to interpret the results for small scale samples, thereby assisting researchers to find a relatively effectively path in the analysis of complicated causal correlations.

1. INTRODUCTION

According to Social Enterprises literature, business models generated by Western and Eastern cultures are affected by collectivism and individualism and are different from each other. In the western economies, individualism leads to entrepreneurialism through innovation. However, against the background of strong collectivism, new businesses are created by internal resources and external relationships. Chinese regions have been affected by Confucianism, they formed a set of living philosophies to teach individuals to maintain a harmonious relationship with those outside their families. On the basis of the Chinese Confucian culture, individuals are fundamental for society or guanxi, which is different from that of Western society. This cultural structure assisted by guanxi could also enable entrepreneurs to conduct cooperation and reliance via reliable personal guanxi and, effectively, acquire business opportunities and further rare resources to deal with key issues in order to achieve entrepreneurial success (Poon *et al.*, 2009; Talavera *et al.*, 2012).

The industrial practitioners in Taiwan also believe that social enterprises lack exquisite and feasible revenue models rather than just innovative ideas. The Chinese social entrepreneurial business model did not have enough theoretical support. Hu *et al.* (2012) conducted an exploration of the different accesses to the market for individual cases and proposed entrepreneurial methods for the initial stage. However, this still needs further investigation of how to create a sustainable and feasible revenue model after access to the market. This study aims to introduce business models of Chinese entrepreneurs and adopts an empirical fuzzy set of qualitative comparative analysis (fs / QCA) to verify the causal relationship path in order to fill the gap in the above-mentioned theories and practices.

2. THEORETICAL BACKGROUND

2.1. Confucian Culture

In the Confucian culture, guanxi is a necessity for business (Anderson and Lee, 2008). Chinese entrepreneurs in Chinese regions are affected by Confucian culture. In summary, the features of the emphasis on the guanxi network and the social responsibilities of the Confucian culture offer a choice of business model for entrepreneurs in that social enterprise are created for social problems and the recognition of entrepreneurship opportunities. Usually, in the initial stage of entrepreneurship, the acquired resources and accumulated information are not enough and guanxi enables entrepreneur to directly and indirectly get access to the needed information and resources for the enterprise (Ardichvili *et al.*, 2003). The sense of family business is quite different from that in Western countries. Studies show that relative business costs promote the acquisition of funds from family members (Au and Kwan, 2009).

According to the past studies, the most important features of a model for Chinese entrepreneurs are business ethics and social responsibility, achievement motivation, perseverance, social networking and leadership communication skills. The frequency of these five features is more than 50%, in which business ethics and social responsibility has the highest frequency. It illustrates that social enterprises by Taiwanese entrepreneur models have high standards for their

own social responsibilities and moral requirements, which is rarely seen by foreign scholars (Chen and Wu, 2004). In summary, affected by Confucian culture, Chinese entrepreneurs place the emphasis on social responsibility, which is different to that of Western entrepreneurs. Due to the concerns over social issues, they further seek entrepreneurial ideas to solve these social problems which are not entirely commercial interests as the starting point.

2.2. Social Entrepreneurship

Dees (2001) defined social entrepreneurship and believed that its connotations are that social entrepreneurs play the role as agents in the revolution of social departments. Mair and Marti (2006) defined social entrepreneurship as a program that consists of the usage and combined resources of innovation to seek opportunities to launch social reform and the solution to social needs. Zahra *et al.* (2009) believed that social entrepreneurship is the action and program to discover, define and use opportunities and to solidify social wealth via new businesses or innovative ideas by new organizations. In summary, this study defines that social entrepreneurship is when entrepreneurs adopt innovative actions and programs to accomplish a mission for the creation of social values via solutions to social issues.

When social entrepreneurs become aware of and evaluate the opportunities, the actual social mission is one of the important criteria for consideration. With the promotion of new concepts after social reform, the balance of methodology with the emphasis on social needs and solving abilities is generated. In the second phase, the emphasis is placed on the conversion from wishes into the practice of social values and the business model and strategy can be further designed. In short, the purpose of social entrepreneurship is to solve or alleviate social problems; and their sources of funds are mainly through entrepreneurial activities in the market. The difference from the emphasis on the social responsibilities of common enterprises lies in the fact that the actions of many enterprises' social responsibilities are ineffective. On the contrary, entrepreneurial actions with clear social aims can enable organizations to create social values (Moizer and Tracey, 2010).

2.3. Business Model

A business model should describe how an organization structures, offers and captures the basic elements of values of various kinds and how those basic elements objectively exist in the structure and process of enterprises (Battistella *et al.*, 2012). Social enterprises need specialized methods and systems to determine whether their physical activities are meaningful. Even though their business models are different from those of traditional enterprises and charitable organizations, they still attract investors and shareholders to support the mission that they strive for and the creation of social values. The attractive values proposed by the social enterprises should deliver unique attributes to maintain their competitiveness and ability for sustainable development (Reiser, 2013).

With regards to the topics for discussion, they offer discourse on opportunities, for instance, how to seek opportunities and acquire appropriate techniques and resources to be more effective so that they can promptly adjust themselves to satisfy the needs of customers (Arend, 2013). In full

consideration of all the perspectives of the business model by the above-mentioned scholars, this study believes that the key points to a successful business model of social enterprises lies in the social value proposition: products or services that are conducive for solving or alleviating social problems. The entrepreneurs integrate resources, including people, assets, intellectual properties, equipment and cash etc, to create the social value proposition. This value proposition proposes that, as the goal of the joint efforts, the products or services stand out in the service process structure to achieve profits, including expected profits, and to become a business model that could effectively solve or alleviate social problems.

3. RESEARCH METHOD

3.1. Business Model Design of Chinese Social Enterprises

In this study, with reference to the theories of Kristiansen (2004), Osterwalder and Pigneur (2010) and Grassl (2012), the business model of social enterprises run by Chinese is designed. First of all, the special elements of the relationship network of Chinese people is taken into consideration; Furthermore, due to the specialty of social enterprises, this study expands the value proposition of customers into a social value proposition and conducts the preliminary design of the business model (as figure 1 shows) and explores the business model element proposed in this study.

The first element applies to customer segments (CS). Entrepreneurs have to have a clear understanding of their clients and the reasons why they purchase the services. As a consequence, regarding the business model of social entrepreneurship, it is necessary to determine the CS and meet their needs, which is the first proposed business element for social enterprises.

The second element applies to the social and environmental benefits (SEB). The issue is how to help beneficiaries solve painful problems and create value. To enhance the income of beneficiaries and to improve their living conditions has become an important business element for social enterprises, which is the innovated social enterprises' business model called SEB of the "Business Model Canvas: Triple Bottom Line".

The third element applies to the social value proposition (SVP). The customer value proposition of the "Business Model Canvas" is extended as the social value proposition. Consequently, the business mission to solve or alleviate the root cause of a social problem is an important business element of a social enterprise.

The fourth element applies to customer relationships (CR). They have to help a targeted customers solve the painful problems and help targeted customers to create values. Therefore, establishing a cooperative partnership with targeted customers has become an important business element of social enterprises.

The fifth element relates to the channels (CH) of products or services connecting customers. A channel plays an important role in the establishment of a good relationship between a social enterprise and a targeted customers, such as the enhancement of the recognition of company products and services by customers, help for customers in the evaluation of the company value

proposition, assistance to clients for the purchase of specialized products and services, the delivery of a client's value proposition and the offer of client support etc.

The sixth element applies to key resources (KR). The important elements necessary for the operation of a business model are called key elements. To achieve that goal, social enterprises should be equipped with appropriate resources.

The seventh element goes to key activities (KA). Social entrepreneurship is different from commercial entrepreneurship and it is necessary to include more innovative elements into the activities to create social work for continuous profit. Therefore, how to utilize KR to challenge traditional KA has become an important business element for social enterprises.

The eighth element goes to guanxi (GX). Whenever Chinese social entrepreneurs are aware of KR, they could conduct cooperation and reliance via reliable personal relationships in order to more effectively recognize business opportunities that enable them to acquire access to rare resources and the key to solving key issues.

The ninth element goes to cost structures (C$). Social enterprises are not charities and are equipped with consistent profitability. During this process, it is quite important to have clear C$. Therefore, the ability to have a clear understanding of C$ is an important business element for social enterprises.

The tenth and final element is a revenue model (R$). It consists of the pricing strategy faced by social entrepreneurs during entrepreneurship. In addition to the price, the pricing channel needs multiple experiments. Each charging method has a different cash flow and risk, and entrepreneurs have to optimize themselves to enlarge the space for gross profits. Therefore, the R$ in which the creation is larger than the cost is an important business element of social enterprises.

Figure-1. Business Model of the Social Enterprises run by Chinese Entrepreneurs

8.GX	7.KA	3.SVP	4.CR	1.CS
Guanxi	**Key Activities**	**Social Value Proposition**	**Customer Relationship**	**Customer Segment**
	6.KR		**5.CH**	
	Key Resources		**Channels**	
9.C$			10.R$ R$ in which the creation is more than the cost	
With clear cost structure				
2.SEB		The beneficiaries acquire income and improve on their own		

Based on the literature review, this study believes that the business model of a successful social enterprise lies in the social value proposition (i.e., products or services that could help solve or alleviate social problems). Therefore, regarding the causal correlation verification of the business elements, this study proposes hypotheses and believes that if a Chinese social enterprise entrepreneur highly agrees with the business model of the social enterprises by Chinese

entrepreneurs, usually, the agreement of the creation of a social value proposition is an important business element for social enterprises.

3.2. Fuzzy Set Qualitative Comparative Analysis
3.2.1. Rationales for the Selection of Samples

The study of Chinese social enterprises is relatively new. Theoretical development and empirical investigation are in continuously developed. The growth of social enterprises in Taiwan has occurred later than those in European countries and America and is still at an early stage. The appropriateness of the analytical framework for social enterprises still needs verification for more individual cases. To further illustrate the process of social entrepreneurship, this study offers powerful information in order to seek the connection and interpretation of this concept. The selection of samples is based on this perspective. There are two criteria for the selection of samples. Firstly, the sample should be from an original enterprise or be the organizational transformation of an existing organization; b. One of the main purposes of these organizations is to offer public services (Hu *et al.*, 2012). With reference to the experimental and initial stages of the social enterprises in Taiwan, the amount of individual cases is limited. Therefore, this study selected 15 individual cases for fs/QCA. The purpose of the questionnaire is to conduct data collection from 15 individual cases based on the 10 business elements mentioned above. There are 10 items and each item is rated from 1 point to 10 points for self-checking. The higher the score, the higher the degree of identity with the business elements, and vice versa.

3.2.2. Analysis Method of fs/QCA

In the past decade, fuzzy set qualitative comparative analysis (fs / QCA) has been increasingly and widely used (Rihoux *et al.*, 2013). It integrates every possible relevant collection of the causes and outcomes of all events, which can be regarded as the bridge between quantitative and qualitative analyses. It strongly suits research involving a small number case, ranging from 5 to 50 (Ragin, 2008).The goal of fs/QCA is to determine the necessary conditions or sufficiency conditions of result Y, or to ascertain the combination of the necessary conditions or sufficiency conditions of result Y. First of all, the figures of the original questionnaires are converted into the scores of the membership of fuzziness. After calibration of the variables, the membership ranges from 0.00 to 1.00, which could determine the comparison method. Secondly, the causality among variables is then calculated, regarding the fs/QCA, and XY coordinators are often used for visual sufficiency or necessity. If the majority of the cases in the research are mainly located in the bottom right of the principal diagonal, it indicates that X is the necessary conditions of result Y. If the majority of the cases in the research are mainly located in the top left of the principal diagonal, it indicates that X is the sufficiency conditions of result Y (Ragin, 2008).

With regards to whether or not the assumption of the verification of the causality has interpreting power, two important indicators, consistency and coverage, are adopted for the determination. The purpose of consistency is to evaluate whether or not there is a certain degree of

consistency for certain reasons or whether the combination of various reasons lead to the generation of a certain result Y. Regarding coverage, after the calculation of consistency, coverage is the degree of interpretation of the empirical data. Based on the analysis, a good module should have over 0.80 in consistency (Ragin, 2008).

4. RESEARCH RESULTS AND DISSCUSSION

4.1. Research Results

Regarding the operation, in order to transform the original data from the questionnaires into the degree of fuzzy membership, first of all, the according calibration (1,0.5,0) and the maximum, crossover and minimum value will be adjusted as follows (see table 1).

Table-1. The Calibration Table of the Business Model for Social Enterprises runs by Chinese Entrepreneurs

	CS	SEB	SVP	CR	CH	KR	KA	GX	C$	R$	Calibration
Maximum	10	10	10	10	10	10	10	10	10	10	1
Crossover	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	0.5
Minimum	1	1	1	1	1	1	1	1	1	1	0

Secondly, the variance and the adjusted numbers in the calibration table are put into the fs/QCA 2.5 software and the consecutive variances after calibration calculate the membership, which is shown in Figure 2.

Figure-2. Results of the Membership

Case	case	ccs	cseb	csvp	ccr	cch	ckr	cka	cgx	ccost	crevenue	model
1	1	0.95	0.73	0.95	0.84	0.73	0.16	0.58	0.73	0.42	0.95	0.16
2	2	0.42	0.73	0.84	0.58	0.73	0.84	0.84	0.73	0.58	0.95	0.42
3	3	0.42	0.16	0.73	0.91	0.42	0.73	0.73	0.91	0.09	0.95	0.09
4	4	0.95	0.91	0.95	0.84	0.73	0.95	0.95	0.95	0.95	0.95	0.73
5	5	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
6	6	0.91	0.84	0.91	0.84	0.84	0.91	0.84	0.84	0.84	0.91	0.84
7	7	0.95	0.95	0.95	0.95	0.95	0.84	0.84	0.95	0.91	0.95	0.84
8	8	0.91	0.91	0.91	0.84	0.91	0.91	0.91	0.91	0.91	0.95	0.84
9	9	0.95	0.95	0.95	0.91	0.95	0.91	0.91	0.95	0.95	0.95	0.91
10	10	0.84	0.84	0.95	0.84	0.91	0.91	0.84	0.95	0.84	0.95	0.84
11	11	0.91	0.84	0.95	0.84	0.84	0.84	0.73	0.95	0.73	0.95	0.73
12	12	0.84	0.84	0.84	0.84	0.84	0.84	0.58	0.91	0.58	0.91	0.58
13	13	0.95	0.91	0.95	0.91	0.95	0.84	0.84	0.95	0.91	0.95	0.84
14	14	0.84	0.84	0.95	0.84	0.91	0.84	0.84	0.91	0.91	0.91	0.84
15	15	0.58	0.42	0.91	0.58	0.42	0.42	0.42	0.91	0.84	0.91	0.42

The third step relates to the input of the converted variance data on membership into the software of fs /QCA 2.5. The results of the XY coordinates are then calculated. Based on whether or not the business elements create social value propositions or not, this study conducts a sufficiency or necessity analysis for the causal correlation. The data tells us that the XY coordinates are shown as follows:

4.1.1. The Causal Correlation between CS and SVP

The study shows the XY coordinates and the value of consistency as 1.000 and the value of coverage as 0.903, showing that there is complete consistency between CS and SVP. The coverage value of 0.903 represents the fact that the degree of interpretation for empirical data is up to 90.3%. Therefore, the amount of the cases in the study is mainly located in the upper left part of the principal diagonal of XY Coordinates, which illustrate that CS is a sufficiency condition for the results of SVP (as Figure 3-1 shows).

4.1.2. The Causal Correlation between SEB and SVP

The study shows that the value of consistency is 1.000 and the value of coverage is 0.863, which shows that there is complete consistency between SEB and SVP. The coverage value of 0.863 represents the fact that the degree of interpretation of the empirical data is up to 86.3%. Therefore, the number of cases in the study is mainly located in the upper left part of the principal diagonal of the XY coordinates, which illustrates that SEB is a sufficient condition for the result of SVP (as Figure 3-2 shows)

4.1.3. The Causal Correlation between CR and SVP

The study shows that the value of consistency is 0.986 and coverage is 0.900, which shows that there is high consistency between CR and SVP. The coverage value of 0.900 represents the degree of interpretation of the empirical data is up to 90.0%. Therefore, the amount of the cases in the study is mainly located in the upper left part of the principal diagonal of XY coordinates, which illustrates that CR has sufficient conditions for the results of SVP (as Figure 3-3 shows)

4.1.4. The Causal Correlation between CH and SVP

The study shows that the value of consistency is 1.000 and the value of coverage is 0.882, which demonstrates that there is complete consistency between CH and SVP. The coverage value of 0.882 represents that the degree of interpretation for the empirical data is up to 88.2%. Therefore, the majority of cases in the study are mainly located in the upper left part of the principal diagonal of the XY coordinates, which illustrates that CR has sufficient conditions for the results of SVP (as Figure 3-4 shown)

4.1.5. The Causal Correlation between KR and SVP

The study shows that the value of consistency is 1.000 and the value of coverage is 0.868, which demonstrates that there is complete consistency between KR and SVP. The coverage value of 0.868 represents that the degree of interpretation for the empirical data is up to 86.8%. Therefore, the majority of cases in the study are mainly located in the upper left part of the principal diagonal of the XY coordinates, which illustrates that KR has sufficient conditions for the results of SVP (as Figure 3-5 shows)

4.1.6. The Causal Correlation between KA and SVP

The study shows that the value of consistency is 1.000 and the value of coverage is 0.862, which demonstrates that there is complete consistency between KA and SVP. The coverage value of 0.862 represents the fact that the degree of interpretation of empirical data is up to 86.2%. Therefore, the majority of the cases in the study is mainly located in the upper left part of the principal diagonal of XY Coordinates, which illustrates that KA has sufficient conditions for the results of SVP (as Figure 3-6 shows)

4.1.7. The Causal Correlation between GX and SVP

The study shows that the value of consistency is 0.981 and the value of coverage is 0.968, which demonstrates that there is high consistency between GX and SVP. The coverage value of 0.968 represents that the degree of interpretation for the empirical data is up to 96.8%. Therefore, the majority of the cases in the study are partially located in the bottom right part of the principal diagonal of the XY coordinates. However, most of them are located in the upper left part, which illustrates that GX has sufficient conditions for the results of SVP (as Figure 3-7 shown)

4.1.8. The Causal Correlation between C$ and SVP

The study shows that the value of the consistency is 1.000 and the value of the coverage is 0.833, which shows that there is complete consistency between C$ and SVP. The coverage value of 0.833 represents the fact that the degree of interpretation for the empirical data is up to 83.3%. Therefore, the majority of the cases in the study are mainly located in the upper left part of the principal diagonal of the XY coordinates, which illustrates that C$ has sufficient conditions for the results of SVP (as Figure 3-8 shown)

4.1.9. The Causal Correlation between R$ and SVP

A number of cases in the study are mainly located in the bottom right part of the principal diagonal of the XY coordinates, which illustrates that C$ is probably a necessary condition for the SVP results. Based on the perspectives of (Ragin, 2008), when the test is for the necessary conditions, the consistency value shall be larger than 0.9 with the coverage value larger than 0.5. From a consistency value of 0.969 and coverage is 0.997, we can see that there is high consistency between R$ and SVP. (As figure 3-9 shows).

4.1.10. The Causal Correlation between the Business Model of Chinese Social Enterprises and SVP

This study further calculates the 10 elements of the designed business model and shows that the consistency value is 1.000 with a coverage value of 0.732. Consequently, a number of cases are mainly located in the upper left part of the principal diagonal of XY Coordinates, which illustrates that the combined elements of the Business Model for Chinese Social Enterprises are sufficient (as figure 3-10 shown) .

Figure-3. XY Coordinates of business models run by Chinese Social entrepreneurs
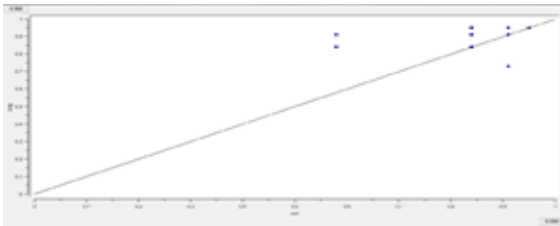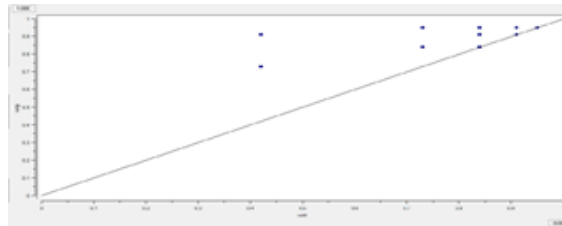
Figure-3.1. XY Coordinates of SVP and CS
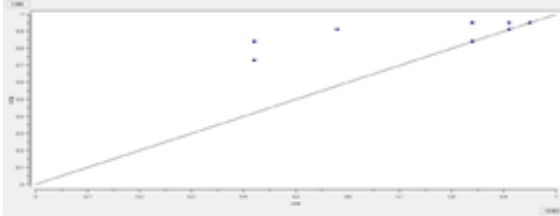
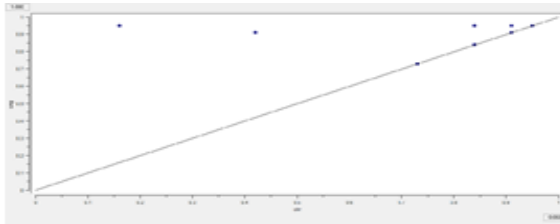**Figure-3.2.** XY Coordinates of SEB and SVP
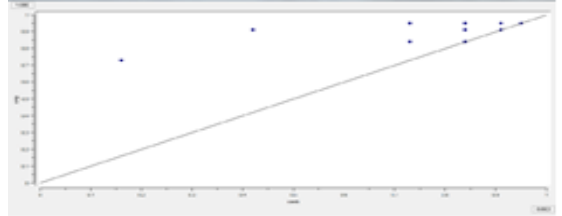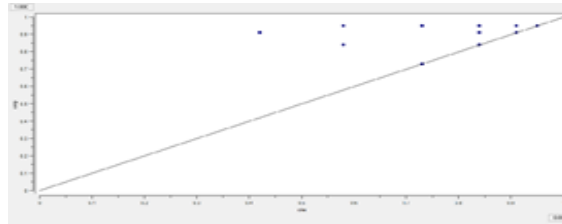
Figure-3.3. XY Coordinates of CR and SVP

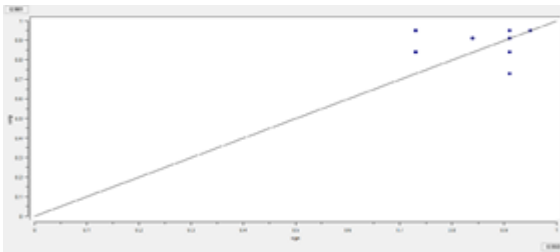**Figure-3.4.** XY Coordinates of CH and SVP
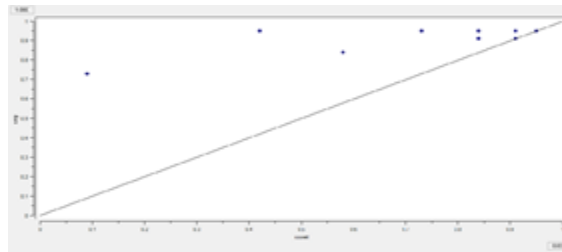
Figure-3.5. XY Coordinates of KR and SVP
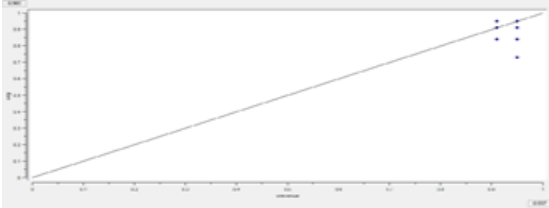
Figure-3.6. XY Coordinates of KA and SVP
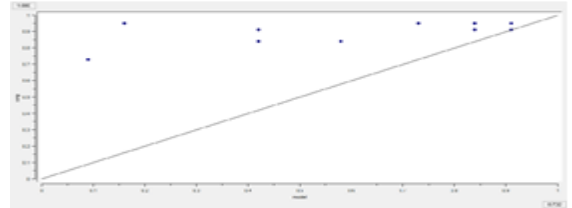
Figure-3.7. XY Coordinates of GX and SVP

Figure-3.8. XY Coordinates of C$ and SVP

Figure-3.9. XY Coordinates of R$ and SVP

Figure-3.10. XY Coordinates of the Business Model of Chinese Social Enterprises and SVP

4.2. Research Findings

Regardless of whether or not business elements create SVP, this study conducted a sufficiency or necessity analysis for the causal correlation. With the support of the experimental results mentioned above, the 10 designed elements are equipped with the ability to interpret the business models of social enterprises. The study further proposes the resulting implications.

Regarding the causal correlation between CS and SVP, CS is the sufficiency condition for the creation of SVP. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that CS is an important business element, he also agrees that a successful business model for a social enterprise lies in its SVP.

Regarding the causal correlation between SEB and SVP, SEB is the sufficiency condition of the creation of SVP. In other words, to help beneficiaries solve painful problems and to enhance their earned income, improving their living conditions will lead fully to the realization of the SVP of Chinese social entrepreneurs and their enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that helping beneficiaries to solve painful problems is an important business element, then he also usually agrees that a successful business model of a social enterprise lies in its SVP.

Regarding the causal correlation between CR and SVP, CR is the sufficiency condition for the creation of SVP. In other words, establishing a cooperative partnership with CS will fully lead to the realization of the SVP of Chinese social entrepreneurs. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that establishing a cooperative partnership with CS is an important business element, he usually agrees that a successful business model of a social enterprise lies in the SVP.

Regarding the causal correlation between CH and SVP, CR is the sufficiency condition for the creation of SVP. In other words, having appropriate customer channels will lead fully to the realization of SVP for Chinese social enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that having appropriate customer channels is an

important business element, he usually also agrees that a successful business model for a social enterprise lies in its SVP.

Regarding the causal correlation between KR and SVP, KR is a sufficient condition for the creation of SVP. In other words, having the necessary key resources for the operation of the business models will lead fully to the realization of the SVP of Chinese social enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that having the necessary key resources for the operation of business models is an important business element, he usually also agrees that a successful business model of a social enterprises lies in its SVP.

Regarding the causal correlation between KA and SVP, KA is the sufficiency condition of the creation of SVP. In other words, having innovative activities for continuous profit growth will fully lead to the realization of the SVP of a Chinese social enterprise. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that making use of key resources to challenge traditional key activities is an important business element, he usually also agrees that a successful business model of a social enterprise lies in its SVP.

Regarding the causal correlation between GX and SVP, GX is the sufficiency condition of the creation of SVP. In other words, gaining access to the key resources within the wide GX network of entrepreneurs will fully lead to the realization of the SVP of Chinese enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that high priority should be given to entrepreneurship as an important business element, he usually also agrees that a successful business model for social enterprises lies in their SVP.

Regarding the causal correlation between C$ and SVP, C$ is the sufficiency condition of the creation of SVP. In other words, having clear C$ will fully lead to the realization of the SVP of Chinese enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees that having clear C$ is an important business element, he will probably also agree that a successful business model of social enterprises lies in their SVP.

Regarding the causal correlation between R$ and SVP, this is in line with the necessity condition. In other words, acquiring cash from customers and the pipelines, accordingly, will lead to the full realization of the SVP of Chinese enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees with the effective methods and channels to acquire cash from customers and the pipes, accordingly, then having a clear understanding that R$ could be more creative than cost is an important business element. He will definitely agree that a successful business model of a social enterprise lies in its SVP.

Regarding the causal correlation between the business model for Chinese social enterprises and SVP, the business model for successful Chinese social enterprises is the sufficiency condition of the creation of SVP. Those business models with the features mentioned above will fully lead to the realization of the SVP of Chinese social enterprises. The study further illustrates that if a Chinese social enterprise entrepreneur highly agrees with the designed business model in this study then he will also agree that a successful business model for a social enterprise lies in the SVP.

5. CONCLUSIONS, RESEARCH LIMITS AND SUGGESTIONS FOR FUTURE RESEARCHES

The research results of this paper further support the perspectives of Kristiansen (2004), Osterwalder and Pigneur (2010) and Grassl (2012) whereby the entrepreneur would adopt formal and informal interpersonal relationships to build special links. This study puts this perspective into the consideration of the element design of the business model of Chinese enterprises. This is in conjunction with the influence of the Confucian culture on Chinese people and with regards to the degree of the operation of the guanxi as an important element of the business model. The cultural structure of guanxi like this makes Chinese entrepreneurs seek cooperation and reliance via reliable personal guanxi. Effectively recognizing any entrepreneurial opportunities and acquiring rare resources are the key to dealing with key issues in order to gain entrepreneurial success.

The 15 cases selected all agree that social enterprises should give up their profit distribution and should be replaced by a social mission. The enterprises should produce positive external (excessive) social benefits and also agree that, having been affected by the Chinese Confucian culture, guanxi can be used to conduct social entrepreneurship activities, with individual cases equipped with the central premise of entrepreneurship ability. The entrepreneurs of the individual cases all agree that enterprises should recognize CS and the operation of customer guanxi. They should also establish effective sales channels, have appropriate resources and understand how to utilize key resources in a bid to challenge traditional key activities. This is so that they buy into the long-term stability of R\$ and conduct effective management for market competitiveness.

The other two business models have distinguished elements. Due to the specialties of social enterprises, the study expands customer value propositions into SVP. In addition, the business element of the SEB is preliminarily designed. Through fs/QCA, the statements in this study are supported. The elements for a successful social enterprise lie in its SVP and these are products or services that could help solve or alleviate social problems. The concept is the business mission of social enterprises to promote the continuous operation of Chinese entrepreneurs. In particular, the business goals of the social enterprises are diverse. In addition to continuous profitability, whether or not the values of cared for or supported beneficiaries are created, the methods to acquire income and to improve living conditions are available.

This proposition also supported the perspective of the "Business Model Canvas: Triple Bottom Line" and SEB proposed by Osterwalder and Pigneur (2010). In summary, during the design of the Chinese business models, the three important elements of a guanxi network, SVP and SEB are suggested for consideration. The 10 business elements for Chinese social enterprises are CS, SEB, SVP, CR, CH, KR, KA, GX, C\$, and R\$.

From the results of fs /QCA, it was found that eight items from CS, SEB, CR, CH, KR, KA, GX and C\$ are located in the upper left section of the XY coordinates, which illustrates that the business elements of a Chinese enterprise are sufficiency conditions for SVP. R\$ is the necessary condition for SVP. The study further explores the relationship between the conditions and has found that when Chinese social entrepreneurs are equipped with the methods and channels to

acquire cash from customer groups, the profit status from the created revenues being larger than the cost is definitely the business mission for Chinese entrepreneurs to create SVP.

When social enterprises continuously make profits, Yunus *et al.* (2010) proposed that the intention of a social enterprise is to create a goal that is conducive for society-oriented shareholders and where specific social benefits are realized. This also echoes the circles of business practices whereby social enterprises need exquisite and feasible profit models. Therefore, the element design for the whole mockup is equipped with the interpretation ability of causal correlations and it illustrates that the analysis framework for the business model of Chinese enterprises has acquired support from the empirical results.

For future researches, we can preliminarily divide the evidence into three points. Firstly, individual cases can be involved in a cross-sectional survey and we can adopt a longitudinal survey to understand whether or not the subsequent business models will change and adjust, along with the passage of time, and whether or not business profitability and the mission of social value creations can be sustained; Secondly, future researches could be expanded into other countries where Chinese citizens reside, such as Singapore, Malaysia and other Asian countries. Thirdly, after understanding the development status of forthcoming social enterprises in Taiwan, if we have official statistics to prove that the number of social enterprises in Taiwan meets the quantitative scale studies, we may conduct a quantitative analysis to offer a further comparative study.

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