

# Giving Economy in Taiwan: Social Business and the Relationship of Donation Movement and Civil Society

Mayumi Tabata\*

## Abstract

This article focuses on the mechanism and role of giving economy in the development of social business. The main purpose of this study is to understand further the relationship between donation movement and civil society, using case analysis of the process of donation movement and social business in Taiwan. First, revisit the concept of giving economy from the Marcel Mauss's gift economy and Karl Polanyi's communal ties' points of views and their implications for the relationship of donation behavior and civil society. Second, recent donation movements in Taiwan had a positive impact on the donation boom in Japan, created a cross national mutual development of giving economy between Taiwan and Japan. Third, provide case studies analysis of Taiwanese social innovation: crowd funding platform and social enterprise which represent new core actors in Taiwanese civil society and the transformation of capitalist society. In the conclusions, find that active emergence of donation movement based on civil society after large scale social movement in Taiwan accelerated the development of giving economy, appear to account for expanding of social business such as crowd funding platform and organic farm.

**Keywords:** giving economy, donation movement, social business, crowd funding, civil society

## Introduction

In recent years, due to the expanding global economy and serious economic crisis, it is extremely difficult for most formal organizations to maintain their sustainable development and function. The notable theorist about the corporate organizations, Chester Barnard (1886–1961) mentioned in the 1930's that the crisis of the formal organization: "failure of formal organization",

disorganization, destruction of organization (Barnard 1938). Gabor and Mahoney (2013) summarized the thought of Barnard and pointed out that formal organizations are evolving social systems, the main target of management is to achieve the coordination mechanism among the groups and individuals within these social systems. In other words, the main mission of management is how to avoid "failure of formal organization" and maintain the cooperative effort among the groups and individuals in this organizational field (Gabor and Mahoney 2013:3-4). Specifically, "failure of formal organization" not only causes reduced performance but also triggers collapse of internal morale, for example, financial corruption, political corruption in the public sector and in development administration (Caiden 1982; Caiden and Caiden 1994). Regarding of organizational imperfection, Caiden and Caiden observes that: "Corruption is unavoidable simply because of human frailty and organizational imperfection.....corruption is expected, simply because its clients suspect that private advantage is the mainspring which moves public government and the exchange of favors is the incentive for people to stay in politics and the means by which they maintain their influence(Caiden and Caiden 1994:14)".

"Failure of formal organization" in public and private sector will cause corruption of organization, at the same time, certainly damage public trust for the formal organizations. The gap between public needs and the actual contribution of formal organizations, the loss of trust between formal organizations and civil society spur the problem of social inequality and trigger radical social movement. Under these circumstances, social

\* Associate Professor, School of Commerce, Senshu University  
E-mail: mayumi414@isc.senshu-u.ac.jp

innovation and social business have become important coordination system for the improvement of society. Social business tries to meet the social need and solve the problem of society through the innovative organizational platform.

This paper argues that the mechanism and role of giving economy in the development of social innovation and social business. Due to the historical background of developmental state and authoritarian regime, most Taiwanese lost their trust for the government. Majority of the Taiwanese firms are family business, most of the entrepreneurs in Taiwan are not interested in human resource development through the long-term in-house education and training system. Low wages removed the incentive to work and then, youth unemployed laborers are forced to get jobs overseas in recent years. Taiwanese young generation have lost their trust for government and companies, this “failure of formal organization” situation in public and private sector accelerated the booming of social movement and social business through organizational platform. In this study, I focus the giving economy, in concrete way, examine the nature of the role played by donation culture and cloud funding platform in the development of social business. The main purpose of this study is to understand further the relationship between donation movement and civil society, using case analysis of the process of donation movement and social business in Taiwan. First, revisit the concept of giving economy from the Marcel Mauss’s gift economy and Karl Polanyi’s communal ties’ points of views and their implications for the relationship of donation behavior and civil society. Second, recent donation movements in Taiwan had a positive impact on the donation boom in Japan, created a cross national mutual development of giving economy between Taiwan and Japan. Third, provide case studies analysis of Taiwanese social innovation and social business: crowd funding platform and organic milk suppliers which represent new core actors in Taiwanese civil society and the transformation of capitalist society. In the conclusions, find that active emergence of donation movement based on civil society after large scale social movement in Taiwan accelerated the development of giving economy, appear to account for expanding of social business such as crowd funding platform and organic farm.

## Theoretical Background

The “gift economy” is a theoretical mode of non-economic exchanges explored in “Gift Theory” by notable

French sociologist and anthropologists named Marcel Mauss (2002[1970]). Specifically, it does not explore the process of commodity exchange from the perspective of economic mechanism but explores a series of processes of commodity exchange from the perspective of social and ethical exchange, in other words, the process from receiving the other’s goods to providing feedback to the others. The founder of social policy theory, Richard Titmuss (1997[1970]) attempted to analyze the differences between blood supply mechanisms in the United Kingdom and the United States from gift economy’s perspective. According to his research result, the blood supply mechanism in the UK is mainly unpaid non-economic donations: voluntary blood donation, but in the United States, blood is collected primarily through paid blood sales. He further pointed out that market economy such as selling blood caused the decline of altruism in American society. Karl Polanyi (2002[1944]), who laid the foundations of economic anthropology, also pointed out that in the process of the development of Western capitalism, market economy replaced the community’s interpersonal network and even disrupted the communal ties in the social network.

The above discussion tells us that non-economic activities such as donations send a severe warning to commercial economic activities premised on egoism, advocate the spirit of restoring altruism, and promote and strengthen the development of community and civil society based on the communal ties through non-economic exchange of goods.

## Cross National Mutual Development of Giving Economy between Taiwan and Japan

On March 11, 2011, a massive earthquake of magnitude 8.4 in the Pacific Ocean near the Tohoku region of Japan which was accompanied by tsunami caused serious disasters. After the occurrence of this “Great East Japan Earthquake”, donation from Taiwan to Japan’s disaster-stricken areas reached 20 billion Japanese yen: its value is the equivalent of about 17.84 million US dollar, left a deep impression on the Japanese people. Not only residents of the disaster area, but also the general Japanese people believe that the Taiwanese people have a high degree of recognition for donations. As these cases indicate, the anthropological concept of “gift economy” plays a very important role in Taiwan’s society. According to the survey conducted on the company employees in Taiwan by well-known internet human resource bank, about 80% of the respondents answered that they have participated in various public-interest activities, and about 70% of the respondents said that

they have participated in donations before (anue.com 2013/4/29).

Compared with the prevalence of public-interest activities in Taiwan, Japanese people rarely participate in donation activities. For example, Japanese political scientist, Sakamoto (2017) pointed out that the Japanese people are very skeptical about the processing of donation by state government, non-governmental organizations (NGOs) and non-profit organizations (NPOs). They are very worried about the possibility that their donations are taken away by false donation campaigns and groups of fraud. For that reason, the donation culture of the Taiwanese people surprised the Japanese people who seldom participate in the donation activities, and these donation activities also touched Japanese people's hearts. Since then, every time when a large-scale earthquake occurred in Taiwan, Japanese companies, non-profit organizations, and the general public appealed to each other to donate money and sent donations to Taiwan. For example, in February 2018, when a strong earthquake of magnitude 6 occurred in Hualien prefecture in the east side of Taiwan, small-scale donations were made in chain supermarkets and department stores throughout Japan, with a total donation of more than 650,000 US dollars. A Japanese college student interviewee commented that the donation activity of the Taiwanese people served as a great opportunity for all of Japanese to step forward to donation movement to reconstructing quake-hit areas in Taiwan:

*After the Great East Japan Earthquake, Japanese broadcast networks actively reported that a large amount of donation was being sent from Taiwan. News program emphasized that the large amount of donation from Taiwan contributed in a significant way to the restoration in affected areas. The donation from Taiwan also served as a starting point that we Japanese realized that the donation would be useful for many people. In Japan, there are some members of NGOs who asked donations in front of the station, convenience stores also set the donation boxes at the cash desk. But my friends were worried that she did not know where these donations are used. We also were worried whether the shop staffs could manage the donation properly. But as I saw the news that the donation from Taiwan was useful, I began to think that our donation may be useful as well. Many Japanese individuals and NGOs called for support in reconstructing quake-hit areas in Taiwan through SNS (Social Network Service) such as Instagram and Twitter to send supplies to disaster areas in Taiwan. So, I'd like to make donations. Dona-*

*tion from Taiwan triggered the feeling and passion that our Japanese people must unite in supporting Taiwanese people (JF-2).*

At the beginning of March in 2018, when the Department of Sociology of the National Taipei University and the Department of Administrative Policy at the National University of Fukushima in Japan held joint student exchange activities, more than a dozen Japanese students worked part-time jobs and purchased airline tickets bound for Taiwan, participated joint student exchange activities in National Taipei University. They also brought their donation money which amounted to about 892 US dollar, and entrusted Taiwanese students to forward it to the earthquake-stricken area in Hualien. After the students in the Department of Sociology of National Taipei University received the donations from the Japanese students, they transferred them to the reliable social welfare charity organization in Hualien.

In terms of the main reason why Taiwanese people actively participate in charitable activities such as donations, we could not deny the possibility of folk religious beliefs. According to the "The list of organizations and individuals that donated to Great East Japan Earthquake stricken area and the cumulative total of donations money to June 30rd in 2014" issued by the Ministry of Foreign Affairs of the Republic of China, the total amount of donations from government, NGO, and individuals in Taiwan reached around 220 million US Dollar. About 73million US Dollar of this amount was raised by the Buddhist Compassion Relief Tzu Chi Foundation. This number ranks second in the total amount of this donation, only after the amount of around 84 million US dollars including interest income raised by the Republic of China Red Cross (Ministry of Foreign Affairs of the Republic of China 2015/02/26). However, according to the contents of my depth interview, a strong sense of distrust of the government and private companies in Taiwan's society also plays vitally important role. Taiwanese young female in her mid-twenties interviewee commented as follows:

*Before the drastic economic growth of Taiwan, neighboring people lived helping each other. Taiwanese people lived by offering necessary stuffs free of charge to each other. However, since the 1980s when our generations were born, the economy of Taiwan developed rapidly. Many rich and middle classes emerged, but the gap between rich and poor has also expanded. Middle-aged and elderly people have a custom of donating to religious groups and temples in Taiwan, but the amount is very large. We*

*young people cannot donate a large sum. However, we have strong distrust of the government and passion to change our society. Therefore, we began donating through internet platform which we can donate a small amount of money (TF-1).*

Taiwanese young male in his mid-twenties interviewee also commented that motivation of donation in Taiwanese younger generation is totally different from the donation culture in traditional Taiwanese society.

*You can donate from 3 US dollars through internet platform or small-amount donation. Even small amounts of donation will make a large sum. That is different from the fund raising of religious organizations just like the Buddhist Compassion Relief Tzu Chi Foundation. Regarding of religious organizations, average amount of donation per person or organization is 5,000 US dollars, 10,000 US dollars ... so we young generation don't enough money to donate. The main purpose of donation by big companies is tax saving. For example, large companies set up the foundation to collect donations. This is a kind of tax reduction strategy. So, our younger generation does not want to donate to the Foundation. Also, the donation collected by the foundation is a big amount of money, we cannot participate in this donation activity (TM-3).*

Middle-aged and elderly people although have a custom of donating to religious groups and temples in Taiwan, however, average amount of donation is relatively large, younger generation cannot afford to donate. Taiwanese younger generation also realize that the main purpose of the foundation set up by the big companies is just a tax reduction strategy, therefore they are reluctant to donate to the foundation. Considering these situations, younger generation in Taiwan donate small sum of money through internet fund raising platform and small-amount of donation to participate social reform and political activity. From the anti-government and anti-commercial perspective, Taiwanese people hope to contribute to the improvement of Taiwan's society. It is assumed that "gift economy" activities such as donations is a manifestation of Taiwan's civil society.

### The Relationship between "Gift Economy" and Social Business

In March 2014, university students and the general public protested a China-Taiwan free trade agreement controlled by the ruling party: KMT and launched the Sun Flower movement. Angered university students, public, social activists rushed into the Legislative Yuan:

Taiwan's congress and occupied government's building for 24 days. After they occupied congress, realized that it was necessary to procure materials and supplies to carry out long-term struggles. The organization of the student movement and NGOs began to set up donation boxes around the congress building to collect small amounts of donation money, and raised large amounts of donations through social networking service (SNS) such as Facebook.

It is worth mentioning that the "Flying V": the largest crowd funding platform in Taiwan, played a very important role in the process of supporting Sun Flower Movement. Flying V supported student movement organization to appeal the purpose of this social movement to the people all over the world. It launched in 2012 and assisted more than 1,900 people to propose social reforms and social business projects in Taiwan and raised funds amounted to 10.71 million US dollar for them (Flying V official website). When Sun Flower Movement occurred, the netizens who supported the student movement from the PTT Forum (the most popular BBS: Bulletin Board System in Taiwan) raised funds through Flying V to buy the front-page advertisements of the New York Times and Apple Daily (the most popular news network in Taiwan) to appeal the reasons why the Taiwanese people protested a China-Taiwan free trade agreement (Business Next 2014/3/14). They used the crowd funding platform to demonstrate the spirit of non-economic thinking of communal ties and showed the enthusiasm and initiative of the netizen for social reform. Taiwanese young male in his mid-twenties interviewee told me that due to the serious economic downturn after the financial crisis in 2008, young generation started to pursue "a little happiness in hand", at the same time, they are keen to participate social reform activities through small-amount donation:

*Since 2008, bankruptcies and unemployment have increased due to the financial crisis in Taiwan. So, the population of middle class declined, young people who have financial difficulties started to pursue "a little happiness in hand". These situations gave rise to the idea of donating a small amount of money to reform society. Typical example is the sunflower student movement, supporters of this movement collected the donation through SNS and earned the operating expenses. Taiwanese old generations get information through television, newspapers and magazines, but our young generations get information through the BBS just like PTT. The sunflower student movement also succeeded in mobilizing supplies and sup-*

*porters through the Internet. Since we are busy with work, do not have enough time to participate in activities of student movement and social reform. Therefore, we support activities of student movement and social reform through small contribution. For example, I donated 60 dollars to support activities of NPP (New Power Party) 1 . Although this is just a small amount of money, but we can contribute to social reform (TM-3).*

In the past few years, Taiwanese citizens have participated in social reform and social innovation activities through non-economic donation activities such as crowd funding platforms from the standpoint of anti-commercialism. After 2011, serious food safety problems occurred one after another. Starting from the “the plasticizer tainted food scandal” in 2011, “the poisoned starch incident” caused by the raw material suppliers of Uni-President Enterprises Corp (Taiwanese major food company) to “the drainage oil incident”, “the sodium nitrite tainted hot dog and ham scandal” occurred in 2015. A series of food safety incidents not only caused great panic among the people, but also brought about a large-scale social movement to boycott all the food products produced by the food companies which have produced tainted and contaminated food products before and refused to buy all the goods sold by these companies (Xie, 2015; China Times 2015/12/7). At the same time, small-scale social enterprises have begun to operate supplying safe organic foods and dairy products. They are trying to overthrow the commercial centralism of large-scale capital such as big enterprises. These emerging social enterprises are raising start-up capital and management funding through the crowd funding platform. For example, the young veterinarian Gong Jian Jia founded the social enterprise which is named “Milk House”. This company provides whole fresh milk directly from the farm. In November, 2015, when Gong Jian Jia was thinking about starting a business, Flying V invited him to submit his start-up proposal and raised more than 220,905 US dollar through its crowd funding platform for his social enterprise.

At present, the fresh milk and yogurt manufactured by “Milk House” are sold at the convenience store and the supermarket of the department store in Taiwan, they are very popular among consumers (Deng, 2015; Lin, 2016). One of staffs in “Milk House” mentioned that the milk market in Taiwan long had been dominated by milk powder, and fresh milk was not the mainstream product. However, tainted milk powder incidents in China and food safety incidents in Taiwan

contributed to the revolutionary development of Taiwan’s local fresh milk industry (SE-1). In other words, Taiwanese people’s expectations and demands for social reform changed the mainstream commodity structure of domestic industries. Taiwanese male college student emphasized that he’d like to contribute to the meaningful activities such as crowd funding (TM-2), however another Taiwanese male college student is terribly worried about the financial risk of crowd funding business, for example, the bankruptcy of P2P business in China, he said that creating an institutional arrangement that enhances safety for investors would be an important issue in the future(TM-1).

Japanese college student commented that Japanese consumers were disappointed in the product line of Japanese major consumer electronics giants such as high-end and high price products. They would like to support the small companies or other social enterprises to develop good quality and good price products that satisfied their needs through crowd funding platform:

*Crowd funding is popular in Japan. Because we can support the products that satisfies our needs with donating small amount of money. For example, I cannot be satisfied with the function of the earphone which Japanese large companies produced. So, we fund the organizations that manufacture earphones that provide functions to satisfy our needs through crowd funding. Possibly, we may get cheaper ones. Recently, the price of Japanese products is cheaper than before, but the product of bad quality has increased. Though their quality may be a little better than foreign products. Electric appliances are my favorite goods, but when I purchase iPhone’s charge cord and earphones, if the quality of them is very high, the price is also too high to buy them. Japanese major consumer electronics giants do not offer products that satisfies our Japanese consumers’ needs at a cheap price. The cheap products are good for us, but if you’d like to buy high quality products, their price are three times more expensive than cheaper ones. Then, if I purchase cheaper items, it may be broken in a week. There are no products with good quality and good price. So, cost performance is very important. Many Japanese friends said that they do not have enough money, so they would like to buy cheap products, but products from overseas manufacturers with low profile are not reliable. Therefore, there are many Japanese consumers who want to buy “made in Japan” products at reasonable price. The current Japanese people do not have much money, but they think that they want something of very high quality (JF-2).*

From the “failure of formal organization” point of

view, like the distrust of Taiwanese young generations about government, Japanese young generations are disappointed in the high-end and high price products of Japanese big companies. Due to the long-term economic downturn after the collapse of the financial bubble in the 1990s, globalization and the catch-up phenomena of Korea, Taiwan and other emerging countries, Japanese young generation are suffering from a lack of money, however Japanese major consumer electronics giants are not able to control the quality-price relationship and unable to provide the products with high cost performance. Japanese young people confronted this “failure of big companies”, started to fund small companies and social enterprise that produced good quality products which satisfied their needs at a reasonable price through crowd funding platform.

## Conclusion

As shown in results of the case analysis and pilot field research, non-economic behavior such as donations and crowdfunding in Taiwan supported various activities of social reform and social innovation. In the growing global network society: decentralized and fragmented social structure through the internet platform (Castells 2001), Taiwanese people try to supervise and correct the failure of organization: mistaken policies and strategies of the government and big business through idea of gift economy. Due to the long-term economic down turn and the rise of other East Asian countries and emerging economy, Japanese young generations are also disappointed in the product and marketing strategy of Japanese big business, started to fund small business and social innovation in Japan through small amount of donation. In this sense, donations and crowdfunding gradually have become the main driving force for the development of East Asian civil society.

## Note

- 1) NPP (New Power Party) is a political party in Taiwan which was inspired by the Sunflower Student Movement in 2014. This party aims to protect universal human rights, civil and political liberties and realize Taiwan independence.

## References

- Anue.com 2013/4/29. (in Chinese)  
<https://news.cnyes.com/news/id/1507119>
- Barnard, Chester (1938). *The Functions of the Executive*. Cambridge, MA: Harvard University Press.
- Business Next 2014/3/14. (in Chinese)  
<https://www.bnext.com.tw/article/31553/BN-ARTICLE-31553>
- Castells, M. (2001). *The Rise of Network Society*. New Jersey:Wiley-Blackwell.
- China Times 2015/12/7. (in Chinese)  
<http://www.chinatimes.com/realtimenews/20151207004538-260405>
- Caiden, E. Gerald. and Caiden, J. Naomi (1994). Administrative Corruption(1977) Revisited. *The Philippine Journal of Public Administration* 37(1): 1-16.
- Caiden, E. Gerald (1982). Innovation in Administration. *Hong Kong Journal of Public Administration* 4(1): 16-30.
- Central News Agency 2018 /3/18. (in Chinese)  
<https://tw.money.yahoo.com/日雅虎基金捐1-4億日圓-助花蓮災後重建-085021591.html>
- Central News Agency 2018 /3/21. (in Chinese)  
<https://udn.com/news/story/7314/3044217>
- Deng, Ning 2015/6/4. Small Farmer Started up Fresh Milk Social Enterprise through Crowd Funding, They Are Also Sold in Breeze Center's Supermarket. *Business Today* (in Chinese).  
<http://www.businesstoday.com.tw/article/category/80408/post/201506040033/揪眾募資賣小農%20%20鮮奶%20微風超市也聞香求上架>
- Flying V. Official Web Site  
<https://www.flyingv.cc/>
- Gabor and Mahoney (2013). Chester barnard and the Systems Approach to Nurturing Organizations. Pp134-154, in Morgen Witzel and Malcolm Warner (ed.), *The Oxford Handbook of Management Theorists*, Oxford: Oxford University Press.
- Lin, Guan, Yin 2016/12/26. Startup Story of “Milk House”: Guo Zhe You established Unique Milk Brand through Disruptive Innovation. *Social Enterprise Insights* (in Chinese).  
<http://www.seinsights.asia/article/3290/3268/4560>
- Mauss, Marcel (2002[1970]). *The Gift: The Form and Reason for Exchange in Archaic Societies*, Routledge, London.
- Ministry of Foreign Affairs of the Republic of China 2015/02/26. *The list of organizations and individuals that donated to Great East Japan Earthquake stricken area and the cumulative total of donations money to June 30rd in 2014*(in Chinese). [https://www.mofa.gov.tw/News\\_Content.aspx?n=D50FBBA67F213089&sms=8B258E760D-FE270E&s=D61473CF7FFF5667](https://www.mofa.gov.tw/News_Content.aspx?n=D50FBBA67F213089&sms=8B258E760D-FE270E&s=D61473CF7FFF5667)
- Polanyi, Karl (2002[1944]). *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd ed. Beacon Press. Boston, MA.
- Sakamoto, Haruya 2017/9/15. Anxiety about donation and distrust of politics. *Fundraising Journal Online* (in Japanese).  
<http://jfra.jp/fundraisingjournal/1906/>
- Titmuss, Richard (1970). *The Gift Relationship: From Human Blood to Social Policy*, George Allen and Unwin, London.—(1997) *The Gift Relationship. From Human Blood to Social Policy*. Expanded and Updated Edition, edited by Anne Oakley and John Ashton, The New Press, New York.
- Xie, Li Qiu 2017/9/15. Governance of Taiwanese Government : the Food Safety

Problem in 2014. *Policy Papers*: National Policy Foundation (in Chinese).  
<https://www.npf.org.tw/3/15260>