

**The Political Economy of NPOs Promoting
“Active Ageing” Programs for the Elderly in Taiwan**

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A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of
Philosophy in Sociology in the Social Sciences Division at the University of Oxford

Hilary 2016

Acknowledgement

本研究を遂行し、博士論文を執筆するにあたり、多大なるご指導を賜りましたオックスフォード大学苅谷剛彦教授に心より御礼申し上げます。苅谷教授におかれましては、2011年に5人目となる指導教授を快くお引き受け頂いて以来、深い専門知識と絶え間ない励ましで導いて頂きました。また、日本での学術調査を実施するにあたり、ご支援下さいました日本交流協会のみなさまにも心より感謝申し上げます。台湾の事例研究を比較社会学の見地から考察する好機となりました。

My grateful thanks also go to Dr. Marc Ventresca who has spent his precious time in reading this thesis and gave me advice. 感謝朱明琴老師在論文答辯之後的修改階段給予我許多寶貴的建議，讓這本論文更臻完善。Ich möchte mich gerne bei meinem dritten Supervisor, Dr. Andreas Hoff bedanken. Unter seiner Leitung ist die allgemeine bzw. Hauptausrichtung meiner Forschung entstanden.

I would like to thank Mr. Andrew Foran for his proof reading and helping my domestic affairs when I am away from Oxford. 我許多寫作的靈感受到謝文華建築師的啟發，他並且協助word文件的細部編輯，由衷感謝。Tak til mine kollegaer i Ældre Sagen og til U.C.Berggreen. De gav nyt perspektiv på mit projekt i Danmark, der blev muliggjort med et Charterhouse legat.

感謝蔡培元、朱峰誼、陳品仙、康庭瑜、陳志榮、湯添進、李韶芬、于德林、李令儀、高橋裕子、助川康、陳泰昌、蒙克、黃錦山老師、王增勇老師、蕭新煌老師、Boon Chia Weng, Thijs Velema, Jesper Kulvmann, Raheel Dhattiwala, Trudi Lang, Professor Richard Willden, Mr. Kenneth Howse, Dr. George Leeson, Professor Sarah Harper, Madame Janine Nahapiet, Professor Nan Lin, Dr. Michael Biggs.

Je voudrais remercier les Perret à Lausanne pour leur soutien. Je leur dois beaucoup. 我欲感謝我ê老爸老母，mā欲kā阮牛稠內ê阿媽講阿准已經提著University of Oxford ê博士學位矣！感謝所有在本研究過程當中接受我訪談與參與式觀察的單位或個人。感謝在台灣的中華民國政府教育部公費留學獎學金。感謝我所信仰的神給我堅持下去的力量。感謝自然、感謝萬物、感謝常在我們心中的那隻小狐狸。Je voudrais remercier les arbes que j'ai utilisés pour cette thèse.

ABSTRACT

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Submitted for the degree of Doctor of Philosophy

Hilary 2016

From the 1990s, welfare state and civil society in Taiwan were confronted with challenges and opportunities brought by population ageing. The author chooses NPOs with “Active Ageing” programs for the elderly, a group thriving as a consequence of Taiwan’s unique transitional democratization and privatization under Neoliberalism, as a case to systematically investigate the governance structure. Four core NPOs of various scales and capacities are sampled while their stakeholders are also interviewed. Findings reveal that after the pension reform made possible by social movement and electoral politics, these institutionalized social forces secure their position in the welfare delivery system. However, problems remain unresolved because of structural inertia while NPOs operate under the changing field frame and conflicting institutional logics between the welfare state and civil society. Though partially impeded, NPOs develop an East-Asian way of solution with various counterplots. Contrasting rationales of networking explain NPOs’ diverse achievements while quasi-subordination and structural loop consolidate respective constituency. Four patterns of perceived relational social capital relate to NPOs’ networking practices and institutional settings. The connection among institutions, networking configurations, and relations further crystalizes the tripartite governance structure composed of the institutional, technical, and social environment. Legitimation of means functions mainly within the institutional environment while legitimation of ends through technical and social environment also justifies NPOs’ social appropriateness. Various types of legitimacy are conferred to NPOs at different development stages while both formal and informal norms guide NPOs’ behavior in the two-dimensional governing kinetics. Through this case study, the author also demonstrates how a meso-level approach of organizational study, integrating Sociological Institutionalism and Organizational Social Capital Theory, possibly sheds lights on the different areas of Sociology, especially those of social movement, NPOs, and ageing society.

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Abbreviations

BAPHIQ	Bureau of Animal and Plant Health Inspection and Quarantine
BHP	Bureau of Health Promotion
CAA	Civil Associations Act
CCCP	Community Care Centers Program
CSR	Corporate Social Responsibility
DPP	Democratic Progressive Party
FWE	Federation of the Welfare of the Elderly
KMT	Kuomintang
M&E	Monitor and Evaluation
NPO(s)	Non-Profit Organization(s)
NfE	NPO(s) for the elderly
PR	Public Relations
PRC	People's Republic of China
R&D	Research and Development
ROC	Republic of China
WHO	World Health Organization

The two terms, NPOs and NfE, are used alternately in this thesis. However in some places the term NfE is more appropriate and accurate to help readers' understanding.

Chapter 1 Introduction

In 2012, a documentary was filmed when one of the nonprofit organizations (hereinafter abbreviated as NPOs) in this study launched its flagship project to recruit seventeen seniors at the average age of eighty-two for a thirteen-day “Tour de Taiwan” by motorcycle. In this film a live conversation was recorded as follows:

Mr. A: [indicating Mr. B]

(He used to be) a lieutenant in the Japanese forces.

We were enemies then.

But now we are sitting here and touring around the island together.

Let’s smile and sweep unhappiness away [*spoken in Mandarin*].

Mr. B: [*smiling and shaking hands with Mr. A*]

Let bygones be bygones [*spoken in Taiwanese*].

The conversation is an eloquent reminder of contemporary Taiwanese elderly’s life memory and the function of NPOs for the elderly (hereinafter abbreviated as NfE). Mr. A is a veteran who fled to Taiwan from Mainland China with Chiang Kai-Shek after 1949. Mr. B, born in Taiwan during the Japanese colonial time, was conscripted into army to fight for the Emperor of Japan. Mr. A and B fought against each other on the Chinese

front during World War II. History now brings together the two figures made possible by an NfE at a time of the convergence of ageing society and civil society. The documentary was titled as “Forever Young”, but stories of the two young men in the 1940s are strikingly different in the following decades. Before 1987 Mr. A was forbidden to visit his family in China because of the Martial Law imposed by the KMT¹ regime whose patronage system offers medical treatment, long-term care², and pension scheme to the elderly of specific occupations³. Mr. B worked as a farmer after the Japanese left Taiwan where he is a citizen whose security in later years was not covered by the government’s social security expenditure until 2002. Mr. B loves singing Japanese songs when working in the rice field and playing with his grandson in the Community Care Center, a program developed by the DPP⁴ government as its twofold realization of election promises: to take care of the elderly and to empower institutionalized civil associations. Contemporary NfE’s “Active Ageing” appeals feature in the Community Care Centers Program (社區照顧關懷據點計畫 hereinafter abbreviated as CCCP) which is implemented by NfE and other grassroots civil associations. It prevails in many communities and provides an

¹ KMT, which stands for Kuomintang, is the ruling party in Taiwan for 55 years after World War II and was brought to Taiwan by Chiang Kai-Shek after he lost the Chinese civil war against Mao Ze-Dong. According to the Ministry of Interior (2014), the property owned by KMT in 2013 has its value at NTD 26.8 billion (around USD 0.9 billion), as opposed to that of DPP at 0.468 billion, a difference of 56 times. KMT is also known as the leading party of the pan blue camp.

² Veterans who get married (mostly with native Taiwanese ladies) are not entitled to live in the Veterans’ House. Those living alone in the chartered long-term care facilities are to some extent isolated from the society and even discriminated by some native Taiwanese.

³ Those who are servicemen, civil servants, and teachers in public schools.

⁴ DPP, which stands for Democracy Progress Party, was launch in 1986 and became the main opposition party. DPP was the ruling party from 2000 to 2008. DPP is also known as the leading party of the pan green camp.

important platform for NfE as agents of the government and elderly.

Stories of Mr. A and B highlight some societal facts which are found in the organizational field of this research. Under the expression “Active Ageing”, these NfE exist for the elderly in Taiwan, no matter where they were born. In order to deliver services, they endeavor to receive support from the government and other stakeholders. How do NfE interact with stakeholders and exert their agency within the structure imposed by institutions? Or, a more fundamental question: how do they emerge?

This thesis examines the emergence, development, and campaigns of NfE with “Active Ageing” programs in Taiwan from three perspectives: historical background, institutional explanation and organizational social capital. In the first section of this chapter, we introduce Taiwan at the convergence of its ageing and civil society as the broader context of NfE. Three major research questions are raised in Section 1.2 with their corresponding hypotheses elaborated. While the conceptual development of research approach is stated in Section 1.3, Section 1.4 presents the theoretical framework. After that, Section 1.5 describes the methods of data collection and analysis. The organization of this thesis into four empirical chapters examining the emergence, development, and campaigns is introduced in 1.6. At the end of this chapter, Section 1.7 concludes with the significance

and contribution of this study.

1.1 Research Context: The Convergence of Ageing and Civil Society in Taiwan

Taiwan, with its uniqueness in welfare regime, population ageing process, democracy in transition, can be a good case to study the emergence, development and campaigns of NfE with “Active Ageing” programs. Since the 1990s Taiwan has witnessed the coming of its civil society (Hsiao, 2006a) and ageing society (Lin & Wang, 2008) almost at the same time, which makes it a unique case to study the formation and transformation of social forces to cope with issues and concerns emerging in a civil society and ageing society. Taiwanese social forces were transformed into institutionalized organizations after the social movement developments in the 1980s, and the third generation NfE promoting “Active Ageing” programs emerged in the 1990s. More specifically, in 1993 Taiwan became officially an ageing society and it was exactly in the same year that pension issues culminated with elections. To wit, the Taiwanese society in transition witnessed institutionalized organizations emerging to cope with challenges and opportunities brought about by population ageing and political openness simultaneously. Taking NfE in Taiwan as the cases, this research focuses on the emergence, development,

and campaigns of the NfE. Covering three sub-themes: historical background, institutional explanation, and organizational social capital perspective, this study further investigates the association between the three.

The uniqueness of this study also comes from the distinctive socio-political condition in Taiwan. The basis for a healthy civil society should be established given good governance of the public sector. From the Taiwanese case study, however, civil society is in reality partially impeded by the welfare regime and political parties with their agendas in the relatively young democracy in Taiwan, a “place” with its own polity and democracy model in the Chinese speaking world but not officially recognized as an independent country by the UN. The resulting exceptional governance structure in the organizational field contributes to the existing knowledge of organizations embedded in the institutional environment and conditioned by their social networks and relations.

Stories of Taiwanese NfE interacting with the welfare regime, in conjunction with its population ageing and development of civil society, imply that this study should not be considered as an isolated regional case. With “Active Ageing” as the changing field frame, NfE are confronted with conflicting institutional logics – while contemporary welfare state features in efficiency and privatization influenced by Neoliberalism, the institutional

logics of civil society are civic consciousness and grassroots community participation. Complications occur as democracy in transition, population ageing, and welfare delivery jointly shape the external environment for the NfE. In sum, the multi-dimensional nature of this study crystalizes its universal value.

1.2 Research Questions

This research aims to understand why a specific population emerged in a specific spatial-temporal context and why individual organization of the same population, even though coming from the same historical background and institutional environment, performs and achieves differently. In other words, what are the structural factors of their emergence, what is the mechanism for their development, and what is the rationale behind their diverse campaigns and achievements? Three major questions are raised as follows:

Emergence of NfE

A. Why did a specific population of NPOs emerge in a specific spatial-temporal context to serve the elderly?

The first question starts from the fact that aging specialist NPOs emerge as a form of human service NPOs. From the 1990s, providing substantial services for the elderly has become the main goal for most NfE. Some active NfE in the early 1980s either disappeared or shrunk because their periodic tasks to fight against the dictatorship and strive for the elderly's equal rights were completed. It is not compulsory for them to change their focus and patterns, but gradually NfE pay less attention to advocacy. Since organizations do not emerge suddenly or automatically, but exist in response to demands in a specific time and space, it is necessary to specify legacy left from early history that has enduring impacts on later development. Two sub-questions, therefore, can be further raised as follows:

A1. To what extent have political and social changes transformed the Taiwanese welfare system?

A2. To what extent has the Taiwanese welfare system framework shaped the formation and transformation of NfE?

Development of NfE

B. How does the complex environment shape the focus and patterns of NfE?

The second question comes from the fact that government is the major buyer and funding body for NfE promoting “Active Ageing”. With the amount of NfE increasing and more government agencies taking action to show their consideration for the elderly’s needs, “Active Ageing” is indeed a distinguishing feature in such collective action. It is true that government intervention has impacted on NfE but in some cases actors within structure are not always the passive receiver of the environment as Meyer and Rowan (1977) have proposed. NPOs may have the capabilities to create a specific institutional environment if they manage to mobilize the elderly and their stakeholders. While Meyer and Rowan (1977) are concerned about the importance of institutional environment, its influence on organizational behaviors, and a top-down process of institutionalization, DiMaggio and Powell (1983a) highlight the relationship and interdependence among organizations. According to Powell (1990), New Institutionalism investigates the influences of the institutional environment on organizations based on an organization’s established contexts. Therefore, from the viewpoint of New Institutionalism, two sub-questions can be raised as follows:

- B1. What corresponding policies has the Taiwanese government implemented to address issues and concerns raised in an ageing and civil society?
- B2. How do NfE find legitimacy, access resources, and respond to challenges in their

institutional environment?

Campaigns of NfE

C. Why do NfE from the same historical background and institutional environment perform and achieve differently?

The third question is linked to the fact that although NfE emerge from the same historical context and institutional environment and have “Active Ageing” programs in their campaigns, their performances vary and their approaches to construct social networks and relations are also different. On one hand, each NfE has its respective network and resource accesses; on the other hand, hierarchically different achievements are noticed while vertically there are various networking clusters of small cliques in the same organizational field. Two NfE in this study started their business from local communities, but after ten years one advanced to the national level while the other, although trying very hard to expand, is still a local one. Moreover, the other two are satisfied with being small-scaled and they find their niche in focusing on certain types of services for a specific group of the elderly. Since the enabling structure and underlying mechanism behind their diverse campaigns are strongly associated with social networks and relations, the following questions should be addressed and the perspective of Organizational Social

Capital offers a theoretical framework to answer these questions.

C1. What networking settings are developed by NfE?

C2. To what extent and in what ways do NfE's constructed relations benefit and constrain NfE?

Working Hypotheses

Unlike quantitative research, concrete hypotheses are rarely found in qualitative research because openness distinguishes the latter from the former. However, general working hypotheses help to draw a broad picture of the organizational field with which we are able to maneuver in the jungle of organizational phenomenon. It also works as the guiding principles based on which key issues to be examined are crystalized.

Emergence

It is hypothesized that transformed welfare system is the consequence of dramatic political and social changes. Social forces are turned into institutionalized organizational forms to respond to demands accompanied with population ageing and political openness. Social movements, democratization, and electoral politics have direct impacts on the formation of social welfare policies and the evolution of NfE.

Development

It is hypothesized that institutional environment influences NfE's organizational behavior but such influence is reversible. Resources and legitimacy are not always at their disposal as NfE need to cope with challenges and opportunities in the institutional environment. Institutional environment paves the way for NfE's development but different NfE receive resources and legitimacy in various ways.

Campaigns

It is hypothesized that in their different campaigns NfE benefit from but are also constrained by their respective social networks and relations. Organizational social capital has both positives and negatives. Various networking settings are recognized and in order to maximize output of their efforts NfE tend to maintain good relationships with their stakeholders.

1.3 The Development of the Research Concepts

Before the theoretical framework is sketched, it is necessary to elaborate the development of research concepts. With its core concern at the organizational level, this study covers

issues which are of historical, institutional, and inter-organizational nature. Consequently, the researcher is inspired by different theorists across a variety of research orientations to develop the conceptual framework.

First, NfE's stories can be considered as those of social movement, though there is a transformation from previous generation's politics-oriented campaigns to contemporary generation's lifestyle social movement. Concepts of McAdam, McCarthy and Zald (1996), as well as McAdam, Tarrow and Tilly (1997) inspire the framework development at an early stage of research design. Among their three dimensions of studying social movement, that of political opportunities is especially applicable to study the historical background where NPOs emerge after social forces are transformed from street protesters to organized and institutionalized actors. The premise for such transformation is political opportunities generated together with democratization. In Chapter 3, NfE's emergence is analyzed through the lens of political opportunities.

Second, when social forces operate within the system, it is necessary to discuss how institutional environment influences NPOs and how NPOs respond to it. This links to Scott's (2008: 192) idea about top-down and bottom-up processes in the institutional creation and diffusion, with institutional fields and norms, as well as organizations being

considered. However, this is beyond the discussion of traditional social movement theorists whose concerns stay within the domain of social movement in the form of street protests or lobbying. The development of social movement theoretical approach hovers because of the fact that traditional social movement theorists do not pay attention to follow-ups once social movement actors achieve their goals (Davis, McAdam, Scott & Zald, 2005). This is why in 2005 Davis and colleagues claimed the necessity to further explore the application of social movement theoretical approach when movement itself achieves its original goal and changes its battlefield. We are now in a new stage of social movement theoretical development where follow-up long-term impacts and policy implementation are of concern. This justifies the researcher's application of social movement theories to study the organized social forces in the institutionalized welfare delivery system nowadays. In this study, civic consciousness and grassroots community participation are the institutional logics of civil society, while contemporary welfare state acting as the strong authority of resources features in efficiency and privatization influenced by Neoliberalism.

Later on, in the process of fieldwork, the researcher realizes that NfE operate in a welfare state profoundly influenced by Neoliberalism, as well as in a civil society in transition.

With "Active Ageing" as the field frame, NfE operate in an institutional environment

with conflicting institutional logics – while contemporary welfare state acting as the strong authority of resources features in efficiency and privatization influenced by Neoliberalism, the institutional logics of civil society are civic consciousness and grassroots community participation. Moreover, policies and programs concerning “Active Ageing” are implemented through the joint efforts of the government, NfE, and their stakeholders, demonstrating that Klijn (2008: 129-130) is correct to highlight institutional features and network management in his network perspectives of policy formation and implementation. Since this study has its analysis mainly at the organizational level and takes CCCP as a given policy, more attention is therefore on CCCP’s implementation and NfE’s reaction rather than its formation. Institution-related issues are discussed in Chapter 4.

Finally, loose coupling of regulations and actions is significantly recognized. Hallett and Ventresca (2006a: 921) consider loose coupling processes as “historical, contingent, and situated”. Their argument, together with the argument of political opportunities from McAdam and colleagues, further consolidates the foundations of Chapter 3 dealing with the emergence of NPOs. Moreover, loose coupling’s being “situated” also implies the fact that NPOs do not work alone but operate in their embedded social networks. By examining why and how NPOs interact with stakeholders, Chapter 5 and 6 deal with

organizational social networks and relations.

To summarise, the conceptual framework is developed together with the continuous reflection process of this study from fieldwork to thesis writing. An overall introduction about how the researcher is inspired to develop the framework is presented in Table 1-1.

Table 1-1 The conceptual development of research framework inspired by various scholars (highly relevant in bold Italics)

	Mode of Industry	Mode of Hierarchy	Mode of Activity
	Emergence of NPOs	Development of NPOs	Campaigns of NPOs
	Historical Background	Institutional Explanation	Organizational Social Capital Perspective (Relational Social Capital Structural Social Capital)
McAdam, McCarthy & Zald (1996) McAdam, Tarrow & Tilly (1997) three angles to study social movement	<i>political opportunities</i>	strategic framing (1996) or framing process (1997)	mobilizing structure
Scott (2008: 192) top-down & bottom-up processes in institutional creation and diffusion		<i>institutional fields and norms</i>	organizations
Klijn (2008: 129-130) ⁵ network perspectives of policy formation and implementation		<i>institutional features</i>	<i>network management</i>
Hallett & Ventresca (2006a: 921) loose coupling processes as	<i>historical</i>	contingent	<i>situated</i>

⁵ In the framework developed by Klijn (2008), there are two other characteristics which are in between institutional and network perspective: (a) actors and frames; (b) interactions and complexity.

1.4 Theoretical Foundations

Conceptual frameworks provided elsewhere in Chapter 1 help to equip readers for their better understanding about empirical findings. More details of theoretical elaboration and reflection will be presented in the conclusion Chapter 7 after findings are summarized and discussions with relevant theories are deployed.

1.4.1 Active Ageing

According to Walker (2002), three stages can be found in the development of discourses about “Active Ageing”. The first version, “Successful Ageing”, was initially proclaimed in the 1960s as opposed to Disengagement Theory but was criticized for homogenizing the diversity of the elderly. Next, “Productive Ageing” emerged in the 1980s with ageing being narrowly interpreted economically. “Active Ageing” was then promoted by the World Health Organization (hereinafter abbreviated as WHO) in the 1990s who defined it as “the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age” (WHO, 2002: 12). Health, security and participation are among the three pillars of WHO’s “Active Ageing” policy framework,

and the last one is further elaborated on as “continuing participation in social, economic, cultural, spiritual and civic affairs, not just the ability to be physically active or to participate in the labour force” (ibid: 12).

For WHO itself, “Active Ageing” refers to the “active way of spending increased free time after retirement” (Avramov & Maskova, 2003: 24). But how is WHO’s holistic approach interpreted and practiced by organizations in front line services, such as NfE? Though there are many ways by which NfE empower the elderly, images of senior clients’ sports and leisure participation are mostly found in NfE’s “Active Ageing” campaigns. As noted by Weeks (2005: 336), the interval between retirement and death can be described as “a time of leisurely retirement”. Since the elderly’s sports and leisure participation is generally believed to be beneficial to their physical, psychological, and social well-being, it is considered as the embodiment of “Active Ageing” policy framework (Walker, 2002). Moreover, “Active Ageing” services are delivered by NfE embedded in their institutional environment and organizational networks, it is necessary to examine these organizations from the two points.

1.4.2 New Institutionalism

With its lens of legitimacy and institutional isomorphism, New Institutionalism can be used to explain the emergence and development of NPOs. Selznick (1957) indicates that organizations are influenced by the external environment. Meyer and Rowan (1977) believe institutionalization is a process by which organizations keep adopting taken-for-granted social facts such as laws, cultural expectations, and social norms from the institutional environment. The consequence of institutionalization, according to DiMaggio and Powell (1983a), is institutional isomorphism by which organizations earn legitimacy. Institutional isomorphism can be found more easily among organizations with vague goals because finding a powerful statement to support their existence and strive for resources is difficult for them. This is true for NfE in this study. Moreover, coercive, mimetic, and normative forces⁶ are summarized by DiMaggio and Powell as the three forces of institutional isomorphism, but are they equally applicable in all contexts? Can mimetic and normative forces function if actors do not interact with each other? Are there any counter effects generated when regulations and implementation have problems? These questions are not answered by DiMaggio and Powell and are to be further investigated.

Unlike Meyer and Rowan (1977), DiMaggio and Powell (1983a) believe that

⁶ Coercive forces may come from government policies and laws; mimetic forces would push organizations to imitate their successful counterparts in the same field when they are confronted by uncertainty; normative forces are usually found in professionalized organizations since shared norms have been widely and deeply acquired by the participants, especially the management levels.

organizational behaviors and structures are not thoroughly determined by the institutional environment, and highlight the networking in the organizational field. This is consistent with Social Networks Theory. Studies by DiMaggio and Powell (1983a) and Han (1994) can be thought of as the convergence of Social Networks Theory and New Institutionalism. However, their analyzed unit remains the institutional environment, and actors are still ignored. Accepting the fact that institutions themselves may change, Hirsch (1986) examines the process of institutional transformation and takes into consideration the actors' agency.

As long as organizations exist, they seek for legitimacy and manage to keep it. Hence legitimacy is of great concern in the institutionalist analysis and further elaboration is necessary in this institutionalism-oriented research. For Hall and Taylor (1996: 951), legitimacy is "social appropriateness". Divergent types of organizational legitimacy are conferred by various sources at different development stages. Scott (2001: 61; 2003: 136) specifies three types of legitimacy from different sources – regulatory legitimacy is the adherence to written rules and regulatory standards, normative legitimacy is the conformity to informal unwritten norms, and cultural-cognitive is the compliance to taken-for-granted assumptions. Suchman (1995) also develops his typology of legitimacy profiles. First, pragmatic legitimacy includes three elements: (a) exchange legitimacy is

the “expected value to a particular set of constituents”; (b) dispositional legitimacy is “widespread belief in an organization's good character”; (c) influence legitimacy is the organizations’ willingness “to relinquish some measure of authority to the affected audience” (Suchman, 1995: 578-579). Second, moral legitimacy covers consequential, procedural, personal, and categorical or structural legitimacy. The first three rest on “evaluations of outputs and consequences, evaluations of techniques and procedures, and evaluations of categories and structures” while the fourth form concerns “evaluations of leaders and representatives” (Suchman, 1995: 579). Finally, cognitive legitimacy feature in taken-for-grantedness and comprehensibility. The former highlights predictability and plausibility while the latter focuses on inevitability and permanence (Suchman, 1995: 584).

Overall, regulatory, moral or normative, cognitive, and pragmatic legitimacy can be summarized as the four types of legitimacy sought by organizations. With democracy in transition in Taiwan and the unresolved problems of the administrative apparatus, civil society is still trying to position and sustain itself within the distorted NPO-State power structure. It can therefore be understood that four types of legitimacy function in various development stages when NfE confront different challenges and opportunities. As the base of legitimacy, shared ideas are usually transmitted by networks and actors engaged

in the same network may benefit from shared social capital as “a form of collective good” (Putnam, Pharr & Dalton, 2000:26). The lack of microscopic viewpoints in New Institutionalism has been criticized academically (Stinchcombe, 1997), and Social Capital Theory, with its microscopic perspectives, should be applied to answer the question about “how collective action is jointly achieved by cultural, social, and institutional factors” (Petersen, Roepstor, & Serritzlew, 2009: 75).

1.4.3 Organizational Social Capital Theories

There are three major streams of Social Capital theories. The first, by Bourdieu (1986) and Coleman (1990), considers social capital at the individual level. The second, with its analysis at the societal level, is Putnam’s (1993a and 1993b) approach which links civic engagement and social capital. These two are not applicable in this study because what is highlighted here is the NfE’s organizational social capital.

The third considers social capital as a form of capital embedded in the actor’s social network. Based on Granovetter’s (1985) concepts of “social embeddedness” and Burt’s (1992) notion of “structural holes”, Nahapiet and Ghoshal (1998: 251) further developed three dimensions of organizational social capital and their measurement can be

summarized in Table 1-2.

Table 1-2 The measurement of organizational social capital

Dimensions	Elements
Structural dimension	Network ties, network configuration, appropriable organizations
Cognitive dimension	Shared codes and language, shared narratives
Relational dimension	Trust, norm, obligation, identification

Source: Nahapiet and Ghoshal (1998)

This approach, which focuses on relations and resources while also considers organizations as actors embedded in their social relationships, is echoed by Gabbay and Leenders (1999). The organizational social capital is termed as “corporate social capital” by Gabbay and Leenders (1999: 3) and is defined as “the set of resources, tangible or virtual, that accrue to a corporate player through the player’s social relationships, facilitating the attainment of goals”. Additionally, according to Lin (2001), social capital often accompanies social networks and can be defined as “resources embedded in one’s social networks, resources that can be accessed or mobilized through ties in the networks” (Lin, 2001: 39). Overall, such a network-based definition and three dimensions of

organizational social capital (structural, cognitive, and relational) help to explain the underlying rationales and approaches based on which NfE construct social capital through their “Active Ageing” campaigns. It examines individual NfE’s social capital within their social networks and explains the diverse development of different NfE in the same industry.

1.4.4 The Integration of New Institutionalism and Organizational Social Capital

Theories

While growing interest in NPOs can be identified academically, relevant studies largely take the perspective of a single theoretical approach. To date, most of the organizational sociological researches have studied the emergence and development of organizations from historical, institutional, rationality and social network perspectives. For example, NPOs are the main subject in Schneiberg and Clemens’s (2006) investigation about institutionalization, and the growth of NPOs is interpreted by Saxton and Benson (2005) with the concept of Social Capital Theory. The researcher believes, however, that combining different theoretical approaches helps to draw a complete picture of the organizational field.

The core concern of this study is NfE's organizational behavior within their embedded institutions as well as social networks and relations. Institutions are constructed within the collective action system which in itself is highly embedded with the complicated social network structure. Moreover, actors' interpretation and application of institutions shape their divergent performances and achievements which are usually accompanied with various networking settings and relations. These facts justify that an integrated theoretical framework composed of New Institutionalism and Organizational Social Capital Theories is promising in this study. Overall, this study has its institutional meaning and implication about organizational social networks and relations. New Institutionalism and Organizational Social Capital theories are the main theoretical frameworks while the policy discourse "Active Ageing" is the underlying field frame. In terms of NPO's agency within structures, the contrasting ideas of New Institutionalism and Organizational Social Capital theories suggest that further research is necessary as this issue is still highly debated.

1.5 Methodology

1.5.1 Mixed Quantitative and Qualitative Approaches

Mixed quantitative and qualitative approaches are adopted in this research. According to Bryman (2008), there are advantages to combine quantitative and qualitative methods and some of them are particularly helpful in this research. Firstly, in terms of research questions, these two methods are suitable to explain research questions of different natures. With regard to concerns about historical background where NfE emerge and their networking practices, quantitative methods can provide more objective and comparable data. However, in terms of questions on NfE's reaction to institutional influences and their perceived interaction with stakeholders, qualitative methods are more appropriate to understand the meaning and rationales. Secondly, the mix of qualitative and quantitative research methods can bring more comprehensive explanations and offset the weaknesses of these two methods. For example, quantitative data could crystalize the broader context and qualitative data could help to understand how these phenomenon are interpreted by actors. Thirdly, the combination of research methods could help to triangulate findings and increase the validity and credibility of results.

The focus of this study is on NPOs' strategic responses to institutional environment and agenda to construct social capital through interaction with stakeholders. Though

quantitative data can set the background of institutional arrangements, this study concerns more with the NPOs' strategic adjustment when confronted by such arrangements. It is thus necessary to study viewpoints and interpretation of decision makers in each organization involved and for this purpose qualitative approaches are more suitable to capture meanings and context (Chen, 1995). Moreover, given that quality of relationships among actors influences positively on social capital generated, it is self-evident that qualitative methods help us understand better NfE's construction of social capital. To summarise, since NPOs' agenda to resources and legitimacy and their rationales for responses to institutional arrangements cannot be understood as accurately and deeply through statistic data, qualitative approaches are a better choice.

1.5.2 Recruitment

Since different scales and levels of organizations denote the diversity of social capital and evolution within the same institutional environment, four NfE of different scales are recruited: two are at national level and other two are at grassroots level. A map illustrating four NfE's geographic locations is presented in Figure 1-1. A brief introduction about them is presented in Table 1-3 while more details are specified in Appendix I. Moreover, as NfE do not function in a vacuum but are to a certain degree influenced by institutions

and their stakeholders, relevant actors are recruited with snowball sampling assisted by each NfE. For all these entities, decision makers at the management level are interviewed as concerns of this research are at the organizational level. Further information about interviewees and participants in focus groups is elaborated in Table 1-4.

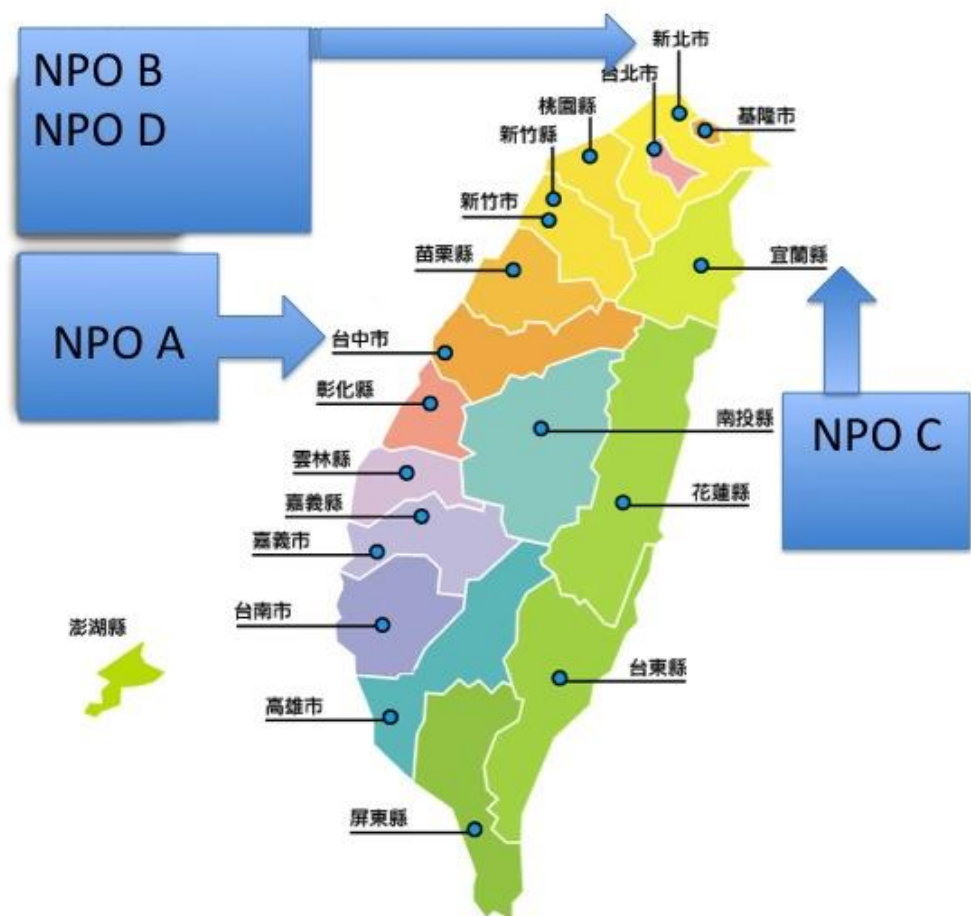


Figure 1-1 The four NfE headquartered around Taiwan

Table 1-3: A brief introduction about the four NfE

	National level		Grassroots level	
	NPO A (bigger-scaled)	NPO B (smaller-scaled)	NPO C (bigger-scaled)	NPO D (smaller-scaled)
Founded	1995	1999	2000	2003
Location of headquarter	Central Taiwan	Northern Taiwan	North-eastern Taiwan	Northern Taiwan
Number of branches	More than 100	Around 50	Around 20	1
Geographic scope of service	Whole Taiwan Island (total population: 23 millions; total population aged 65 and over: 2.6 millions)	Whole Taiwan Island (total population: 23 millions; total population aged 65 and over: 2.6 millions)	County (total population: 460,000; total population aged 65 and over: 75,000)	Village (total population: 200; total population aged 65 and over: 150)
Number of members ⁷	Around 57,000	Around 2,000	Around 2,500	Around 800
“Active Ageing” programs	More than 30 programs provided	Featuring only in animal-assisted therapeutic recreation	Around 15 programs provided; featuring in performances and events	Around 5 programs provided

⁷ The information is just for reference because: (a) NfE do not exactly calculate the number of their members; (b) Many senior clients do participate in programs provided by NfE while they are not registered formally as members.

Table 1-4: Interviewees and participants in focus groups

	National level		Grassroots level	
	NPO A bigger-scaled	NPO B smaller-scaled	NPO C bigger-scaled	NPO D smaller-scaled
Management Level (e.g., CEOs and Heads of Divisions)	6	3	4	4
Chairperson of NfE's board or NfE's founders	1	1	N/A	N/A
Stakeholders				
Government agencies (Administrative Officers ⁸)	5 (8) ⁹	1 (1)	3 (4)	4 (5)
Politicians ¹⁰	4 (4)	2 (N/A) ¹¹	4 (4)	2 (4)
Commercial companies ¹²	8 (20)	3 (7)	7 (20)	3 (3)
Media ¹³	3 (4)	1 (N/A) ¹⁴	3 (4)	3 (6)

⁸ In terms of the interaction with government agencies, NPOs are quite nomadic. Where money (government projects with grants) is, where they are to seek for subsidy or outsourced projects. These government agencies at the central government level include the Department of Social Affairs in the Ministry of Interior, Department of Social Education in the Ministry of Education, Department of Health, and Sports Affairs Council.

⁹ The figure in the parenthesis is the number of total network ties reported by NfE; the actual number of interviews in fieldwork is shown before the parenthesis. For example, NPO A's decision makers report eight network ties with eight government agencies, and five of them are interviewed in fieldwork.

¹⁰ At the central governmental level, these are the legislators in related supervisory committee members. Legislators from the two major parties are included. Furthermore, as NfE have their programs implemented locally and in each community there are local political factions different from partisanship, local parliament members (not necessarily from the two major parties) are invited.

¹¹ At the time of fieldwork NPO B no longer keeps networking with two legislators who helped its establishment when suffering from registration difficulty since no government agencies claim their jurisdiction over NPO B's innovative dog therapy. They were still interviewed because of their observation about NPO B's development.

¹² In the name of corporate social responsibility and in order to access the silver market, commercial companies approach NfE who also rely on commercial companies for funding or collaborative projects.

¹³ Generally speaking, the media is of great importance for NfE's public relation. In Taiwan, the media can be divided into two camps: the pan-blue and the pan-green, exactly as

	NPO partners whose clients are not exclusively the elderly	9 (27)	6 (22)	8 (20)	3 (6)
	Old people's NPOs whose clients are exclusively the elderly	2 (4) ¹⁵	N/A	2 (3) ¹⁶	N/A
	Sub-total	38	20	31	19
Times of focus groups		4	1	2	1

the political status quo.

¹⁴ A health-related magazine had a special issue introducing NPO B. NPO B does not keep networking with it but still it is worth to understand this media's viewpoint.

¹⁵ The four elderly's NPOs listed in NPO A's network do not build direct ties with NPO A. They have indirect links with NPO A via government agencies AG1, 2, 5, and 8 respectively.

¹⁶ The three NPOs for the elderly listed in NPO C's network are based in Beijing, Hong Kong, and Taipei. The first two are interviewed while the last one is not because it is a fake one established by CEO C's friend.

It is necessary to specify four steps following which the researcher recognizes stakeholders to be interviewed. First, decision makers of the four NfE is required to nominate five to ten stakeholders which they consider the most important. The lists are in the order of importance, from 3 as the strong link to 1 as the weak link. After stakeholders are listed, the researcher confirms with these listed candidates to see if they agree such network ties exist. As long as it is double confirmed, their corresponding ties and nodes are presented in the networking map and this becomes the number in the column. Third, stakeholders are required to weigh their ties from strong at 3 to weak at 1. Up to this point, each tie is given scores both by NfE and stakeholders while 6 is the highest grade. For example, the tie between NPO A and its commercial partner AC1 is scored 3 by both sides and thus is the first to be considered for interviewing. The researcher starts contacting stakeholders with the highest score and finish interviews in a specific section when information is saturated. For the two sections with more stakeholders, namely the commercial and NPO partners, information saturation occurred when 25 or 30 percent of them were interviewed.

Twenty-six scholars and experts in the relevant fields are also interviewed. Some are introduced as NfE's stakeholders as they implement projects with the four NfE ; others do not have substantial networks and relations with NfE , but they are still interviewed as

they conduct research about NPOs or NfE and their insights contribute to our better understanding about the organizational field.

As can be seen in Chapters 5 and 6 about networking configuration and relations, the fact that NfE place a higher demand on their partners also demonstrates the distinctiveness and appropriateness of samples selected in this study. It also has methodological meaning that this study is a typological analysis as each of the four NfE represents a typical case in their respective category. Moreover, methodologically speaking, the mutual embeddness between structure (institutions) and actors (NfE) is engraved in the network analysis approach. How institutions function through networking and how networking is shaped by institutions are both examined.

1.5.3 Research Methods

Participant Observation

Participant observation is the first step as this allows the researcher to become involved with each NfE's formal and informal social networks. In order to minimize interference with those being observed, the researcher worked as a volunteer or a teaching assistant while observing daily operations in offices and interaction at on-site venues where

“Active Ageing” programs are delivered. This created opportunities for chatting, discussion, sharing feelings or ideas with staff. It decreased their distance with the researcher and thus gradually built up mutual trust which is of great importance in this study. Besides, fieldwork notes and the experience of staying in the field are also important parts of data collection.

The explicit behavioral state is the primary observation but this study focuses on NPOs’ response to their institutional environment and agenda to construct social capital. Text analysis and semi-structured interviews are utilized to compensate for gaps, and this also consists with the idea of triangulation.

Documentary Analysis

During the participant observation, it was possible to access NfE’s published and unpublished materials. The former includes NPOs’ websites, advertisements, pamphlets, brochures, flyers, and periodical reports; the latter involves memos, letters, email messages, faxes, memoranda, manuals for strategy plans, campaign proposals, and minutes of meetings covering discussions and conclusions when collaborating with stakeholders, as well as NfE’s internal reports on programs formulation, implementation, and evaluation. Besides these primary sources, secondary data include newspapers, magazines, business periodicals, articles written by critics and researchers, government

statistics and documents, policy white papers, manifestations, legislations proclaimed by the government, and parliament gazettes including the discussions in legislation process. These documents are reviewed to understand the contents, considerations, instruments, and aims of the interaction among organizations.

Overall, the documentary analysis offers the prior knowledge about NfE's interaction with stakeholders. Further inquiries are raised based on this. They also fulfill specific-level construct validity in terms of organizational social capital as these documents are published by organizations. However, as these documents are not sufficient to examine the under-the-table interaction, hidden agenda, and latent meanings and interpretation of messages conveyed, semi-structured interviews are applied as the next approach.

Semi-structured Interview and Focus Groups

In order to understand the hidden agenda behind NPOs' strategies to seek legitimacy and build social capital, semi-structured interviews with those involved are necessary. Given that decision makers in NfE and their stakeholders are at different positions and thus have diverse breakthrough points, collecting their respective viewpoints helps to bring together a whole picture of the field. Based on knowledge from literature review, participation observation, and text analysis, semi-structured interviews are conducted with

interviewees as shown in Table 1-4 while focus groups will function as a necessary supplement. An example of the interview outline with NfE's CEOs is presented in Appendix IV. However, the researcher suffered from identity confusion because of the blurring of boundaries between the researcher and the researched when conducting field works. Inspired by Shieh (1997) who discloses his experiences in returning to the research profession and affirming academic duty when suffering from such dilemma, the researcher entered the field with theoretical and analytical frameworks in his mind while also amending frameworks and establishing arguments with substantial findings.

1.5.4 Data Analysis

This research mainly uses descriptive statistics, documentary analysis, and interviews to answer research questions. In more detail, descriptive statistics are used to draw a broad picture of population ageing, including the percentage of population aged 65 and over, total fertility rate, and life expectancy at birth. They provide the background where NfE operate. Documentary analysis helps to answer the first research question, i.e. why a specific population of NPOs emerged in a specific spatio-temporal context to serve the elderly. Based on the theoretical framework, documentary analysis is used to supplement quantitative data through incorporating an ideational approach. These data show how

political and social changes transform the Taiwanese welfare system which modifies the emergence of NfE in Taiwan. As for the second and third research questions, i.e. how does the complex environment shape the focus and patterns of NfE and why do they perform and achieve differently since they are from the same historical background and institutional environment, this research mainly adopts interviews to demonstrate the interpreted institutional influences and perceived organizational social capital. According to the theoretical framework, these qualitative data are mainly used to explore NfE's development and campaigns. More specifically, they are used to examine and NfE's strategic responses to measures taken by the government, as well as to identify NfE's interaction with their stakeholders, which constitute the two-dimensional governing kinetics.

With regard to qualitative data, recordings of interviews are transcribed while the software Nvivo is used to make data analysis more effective. Moreover, this research mainly adopts the 'framework' approach of thematic analysis to analyze documents and interviews. It constructed a matrix containing core themes and subthemes to order and synthesize the data (Bryman, 2008; Ritchie, Spencer & O'Connor, 2003). The core themes were built on the framework reflected in the topic guide (see Section 1.3 and 1.4). Moreover, this research reviewed documents and transcripts of interviews to identify

recurring opinions, experiences, and behaviors, and categorize them into subthemes. Afterwards, these themes are applied to the data to code the text into them for each case. In this process, these themes are continuously reviewed and refined and then the revised themes are applied to the data again. Moreover, some subthemes are combined into more abstract themes at higher-order to generate the concepts or explanations.

1.5.5 Research Ethics

The CUREC form has been submitted and followed before and during fieldwork. Relevant research ethic concerns can be found in the attached participant information and consent form (shown in Appendix II and III). Information provided by participants is kept confidential and any data which can be used to recognize personal identity is kept anonymous. Moreover, data gathered in the research is only used for academic purposes and will not be used for any other purposes or be shared with the third party. It is not easy to establish mutual trust with interviewees at the early stage of fieldwork, but it helps tremendously since interviewees are willing to share their insights and voices once mutual trust is consolidated. Before participating in this project, all participants are informed that they have the right to terminate their participation, not to answer any questions which they do not want to answer, to ask the researcher stop recording or offer a

more detailed explanation about the project, to double check the transcripts and give their feedbacks for the improvement of the study.

1.6 Thesis Structure

Based on the research questions and theoretical frameworks, secondary data is analyzed and qualitative fieldwork is conducted. Findings are deployed in four empirical chapters after background context about NPOs and NfE in Taiwan is stated in Chapter 2.

Chapter 2 Conceptualizes NPOs and NfE in Taiwan

NPOs are generally meant to be organizations who are not activated for the purpose of profit (Deans & Ware, 1986). The terminology of NPOs in Taiwan relates to its legal and regulatory framework concerning civil associational life. NPOs' interaction with the State is far less active than with other stakeholders (Chiou, 2006). In Taiwan, NfE are considered as social welfare NPOs. A majority of them were founded after the 1990s and more than 50% of them are based in northern Taiwan (Chiou, 2009).

Chapter 3 Explores NfE's Emergence from the historical background

Chapter 3 presents the historical context before contemporary NfE emerged in the 1990s. The analysis of historical documents reveals that current generation of NfE inherits

distrust against the government from previous generations while their “Active Ageing” campaigns are also rooted and transformed based on past practices. Issues reviewed include:

- A. KMT’s economy, military, and social welfare policy before the 1980s.
- B. KMT’s legitimacy crises and the emergence of the middle class.
- C. Changes of social welfare policy due to social movements, democratization, and electoral politics.
- D. Evolution of NfE and current NfE’s little advocacy in security issues.

Chapter 4 examines NfE’s development from the institutional explanation

Chapter 4 discusses the government’s policy to address issues concerning population ageing and NfE’s strategic responses. Investigating how the institutional environment conditions NfE’s behavior, this chapter finds that institutional environment has significant but limited influences on NfE and the significance of resources and legitimacy carried by institutions decreases. Instead, resources and legitimacy secured elsewhere become increasingly important and it is possible for NfE to reversly shape their embedded institutions. The mutual influence also indicates actors’ autonomy within structure while institutional effects and counter effects co-exist. It covers the following topics:

- A. Registration in accordance with the CAA and implementation of the CCCP as the

most prevalent and relevant policy for NfE's operation grant NfE's regulatory and categorical legitimacy.

B. Institutional analysis of CCCP reveals that problems accompanied with CCCP's institutional design include loose control of the State and loose coupling of NfE's actions such as cross-subsidization. Problems remain unresolved because of structural inertia where NfE are the required agents.

C. NPO's counterplots to maintain comprehensibility and taken-for-grantedness legitimacy: little advocacy and political correctness; institutionalization of NfE's innovations creates NfE's pragmatic legitimacy to repair their social appropriateness.

Chapters 5 and 6 elaborate NfE's campaigns from perspectives of organizational social capital

Historical context and institutional perspective do not completely explain the various performances and achievements of different NfE from the same historical background and institutional environment. While traditional management theories can explain to some extent, Organizational Sociology offers an alternative viewpoint. Concepts of Organizational Social Capital theories are applied and findings are presented in Chapters 5 and 6.

Chapter 5 deals with networking as the structural dimension of organizational social

capital. Focusing on NfE's networking, Chapter 5 concerns more about the enabling structure as well as why and how networking is configured as it is, rather than quantitative social network analysis on the surface. Findings cover:

A. Characteristics of networking: project-oriented, diversity-featured, ego-centered, unequal inter-dependence, and a common enemy as the third party.

B. Networking strategy: quasi-subordination

C. A term "structural loop" is coined to crystalize the clear ramparts and almost non-networking among NfE and their peers.

D. Rationales of networking: bypassing government as well as differences between networking of operation and operation of networking.

Chapter 6 is about the construction of relational social capital, which includes trust, identification, norms, and obligations between NfE and their stakeholders. Using qualitative data from interviews and focus groups, four patterns are concluded to illustrate how relational social capital benefit and constrain NfE. The four patterns also echo NfE's embedded institutional settings and networking practices.

Pattern 1: Identification in exchange of trust

Pattern 1 features in continuous measuring against who needs whom more and for what.

Economic rationales characterize Pattern 1 as a suspension bridge.

Pattern 2: Toward trust – complementary needs and ideal type of identification

Pattern 3: Distrust – problems of obligations and expectations as the crucial reason

Pattern 4 Distrust – imperfection in norms as the basic problem

Should I trust you? Back-and-forth circumambulations as a seesaw differentiate other three patterns from Pattern 1. Pattern 2 features in strengthened mutual trust due to complementary needs and ideal type of identification while distrust may come from imperfection in norms and problems of obligations and expectations. Though economic consideration still features in the mutual trust of Patterns 2, distrust in Patterns 3 and 4 is usually the sequel of NPOs' political correctness games.

1.7 Significance and Contribution of the Research

The emergence, development and campaigns of the NfE in Taiwan are examined in this study whose significance and contribution are presented as follows:

A. Methodologically, this study has its merits since both macroscopic (historical and institutional analyses) and microscopic (networking and relations) approaches are

integrated. By analyzing institutions, networks, and relations, how these three jointly shape the NfE's organizational behavior is investigated. How the NfE network and maintain relations with stakeholders is elaborated while the extent to which organizational social capital benefit or constrain the NfE is also examined.

- B. The enabling structure and underlying mechanism of NfE's operations are outlined, and the influences of formal regulations and informal relations on the NfE as actors in the collective action system are highlighted. How different types of organizational social capital influence each other is explored, facilitating this study to make up for limitations of past researches.
- C. This study contributes to the further refinement of New Institutionalism and Organizational Social Capital theories. It does not only enrich New Institutionalism from the perspective of organizational social capital, but also reveals the alternative approach hidden behind quantitative network analysis.
- D. This study also contributes to empirical studies on NPOs, civil society, and population ageing. Taiwan witnesses the coming of ageing society and advance of civil society simultaneously. Taking it as a case study, this research furnishes much material for the examination of NPOs' capacity to accommodate growing demands from the elderly in the era of global ageing. It also adds to the body of knowledge in response to challenges of population ageing.

In sum, this thesis contributes to the field by showing that historical legacy can translate into institutional logic and organizational reaction. Results confirm that institutional environment and organizational social capital are strongly associated. Moreover, it also investigates the corresponding mechanism between structural and relational social capital.

Chapter 2 Background Context: Population Ageing, NPOs and NfE in Taiwan

2.1 Population Ageing in Taiwan

According to Weeks (2005), population ageing means growth in the number and proportion of older people, mainly caused by declining mortality and fertility respectively¹⁷. Decreasing mortality, increasing life expectancy and the possibility to survive within old age are all reasons for the growth in the number of the population of older people. Moreover, accompanied with the dropping fertility, a remarkable rise in the percentage of those aged 65 and over is then recognized. Therefore, three indicators of the ageing society in Taiwan are investigated: the percentage of the population aged 65 and over, Total Fertility Rate (TFR)¹⁸, and life expectancy at birth.

¹⁷ Migration, both domestically and internationally, also influences the proportion of older and younger population, but is excluded here as this study focuses on NPOs for the elderly.

¹⁸ The Total Fertility Rate (TFR) is the average number of live children that a group of women would have if they experienced the age-specific fertility rates of the calendar year in question throughout their child-bearing lifespan (Weeks, 2005).

2.1.1 Percentage of the Population Aged 65 and Over

The percentage of the population aged 65 and over in Taiwan has witnessed a steady increase as shown in Figure 2-1. The figure has climbed from 2.5 million in 1949 to 10.63 million in 2009, manifesting a four-time growth during the 50 years. In September 1993, 7% of Taiwan's population was 65 years and over, which officially made Taiwan an aging¹⁹ society by UN's definition (Lin & Wang, 2008).

Moreover, according to the Directorate General of Budget, Accounting, and Statistics of the Executive Yuan (2010), the aging population was expected to reach 14% by 2017, and 20% by 2025, where 1 out of 5 persons in the population would be a senior citizen. In fact, Taiwan's aging rate is far more rapid than it was projected. By March 2007, the senior citizen population had reached 10.05%, which is 3 years earlier than projected. At this ageing rate, it is highly likely that Taiwan's ageing population will reach 14% as early as 2016. Rising from 7% to 14% in merely 23 years could create a world record in the ageing rate, surpassing the rapidly aging Japanese society by a year, and ranking first amongst the world in this respect is a highly alarming sign (Council for Economic Planning and

¹⁹ If 7%, 14%, 20% of a country's population are over 60 or 65 years old, then it is an ageing, aged, super aged society (World Health Organization, 2010).

Development, 2008).

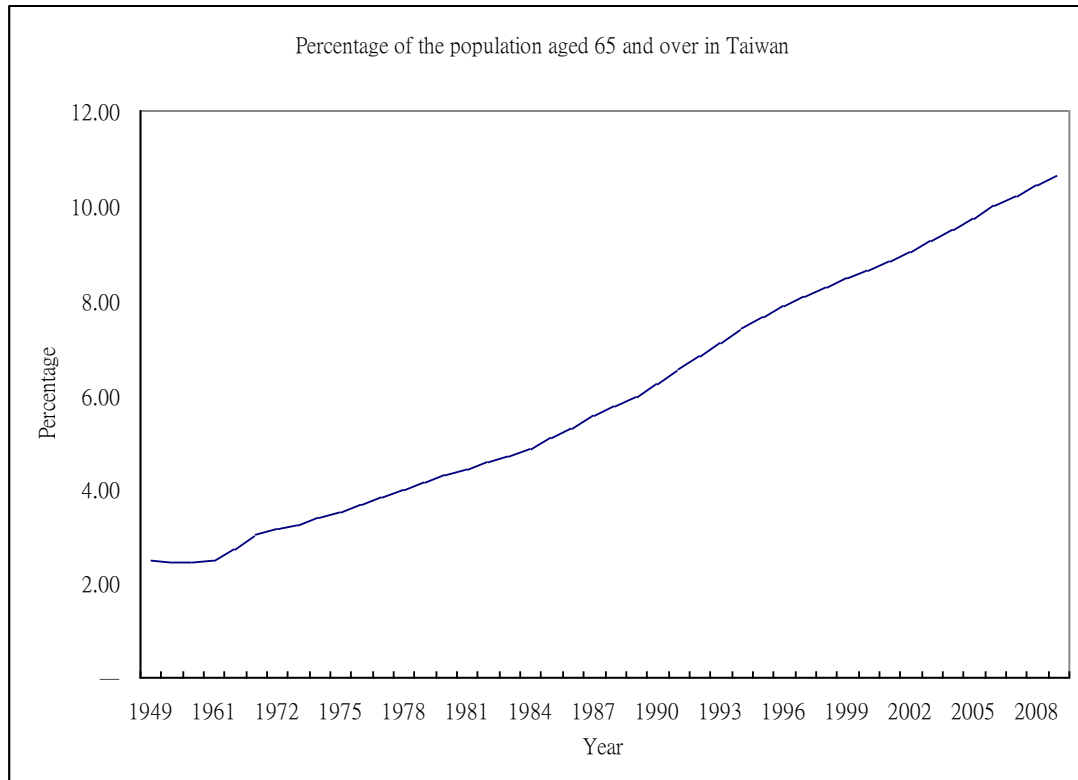


Figure 2-1 The proportion of those beyond 60 years old in Taiwan from 1949 to 2006

Source: Department of Household Registration, Ministry of Interior, ROC²⁰.

http://www.ris.gov.tw/version96/stpeqr_01_04.html

2.1.2 Total Fertility Rate (TFR)

As can be seen in Figure 2-2, the Total Fertility Rate (TFR) in Taiwan reached its highest

²⁰ ROC, which stands for the Republic of China, is a regime established in 1912. It took over Taiwan from Japan after WWII in 1945, fled to Taiwan in 1949 after KMT lost civil war against the Communist.

point at slightly over 7 children per woman in 1951. In the following decades, however, a gradual decrease in fertility can be identified although there are still some subtle rises in some years. In 1984, TFR fell to 2.055 from 2.17 in 1983. For the first time, Taiwan saw its TFR under 2.1 births per woman after World War II. This is below the replacement level fertility (2.1 people) which can maintain stable demographic structure.

More specifically, the TFR in 2009 was 1.03, a decrease compared with 1.05 in 2008 and 1.1 in 2007. According to the United Nations Statistics Division (2010), this is the second lowest TFR around the world, next to Hong Kong and Macao at 1.0. Over the last decade the TFR has nearly diminished by a third from 1.55 in 1999 to 1.03 in 2009.

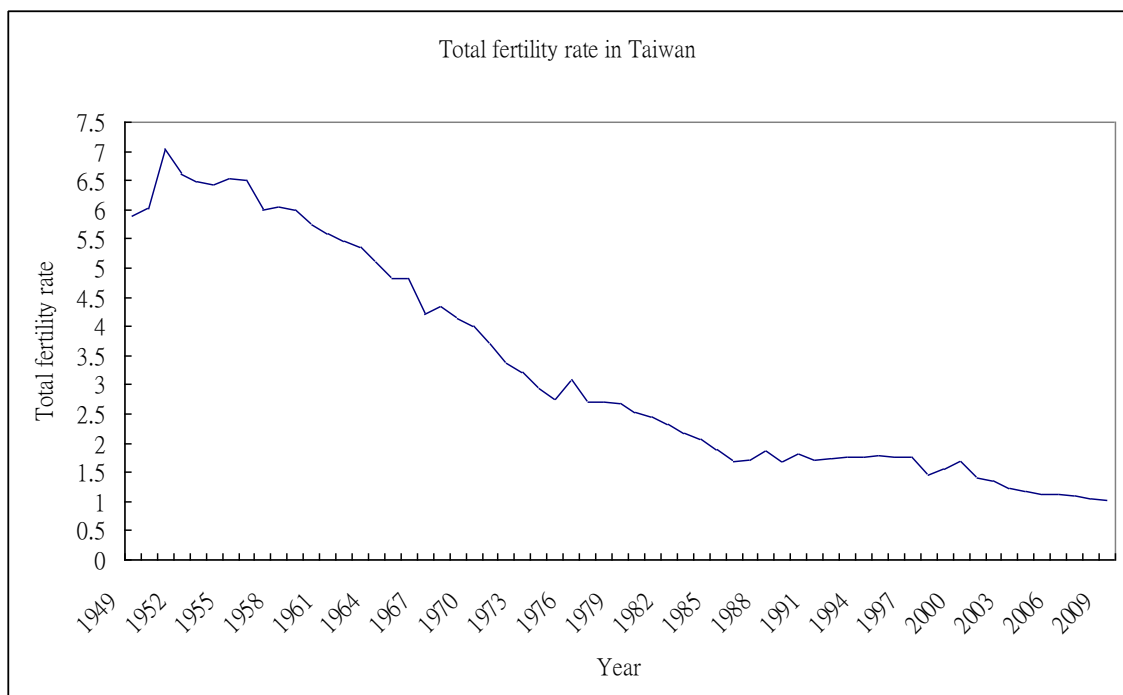


Figure 2-2 Total Fertility Rate (TFR) in Taiwan from 1949 to 2009

Source: Department of Household Registration, Ministry of Interior, ROC

http://www.ris.gov.tw/version96/stpeqr_01_04.html

2.1.3 Life Expectancy at Birth

Four phases (1926-1940, 1936-1958, 1960-1971, and post-1971) are broadly divided in the government statistics about life expectancy at birth. According to Figure 2-3, it is quite clear that both genders share the same trends in life expectancy during the recorded time. This means that the upward trend for life expectancy in male population can also be found in female, with the former doubling from 38.76 years of age in 1926-1930 to 73.79 years of age in 1999-2001 and the latter increasing from 43.76 years of age to 79.63 years of age.

Furthermore, another obvious fact is the gender differences in their respective life expectancy. While females in 1926-1930 lived 4.4 years longer than their male counterparts, the gap has increased to 5.84 in 1999-2001. Overall, the female live longer than the male.

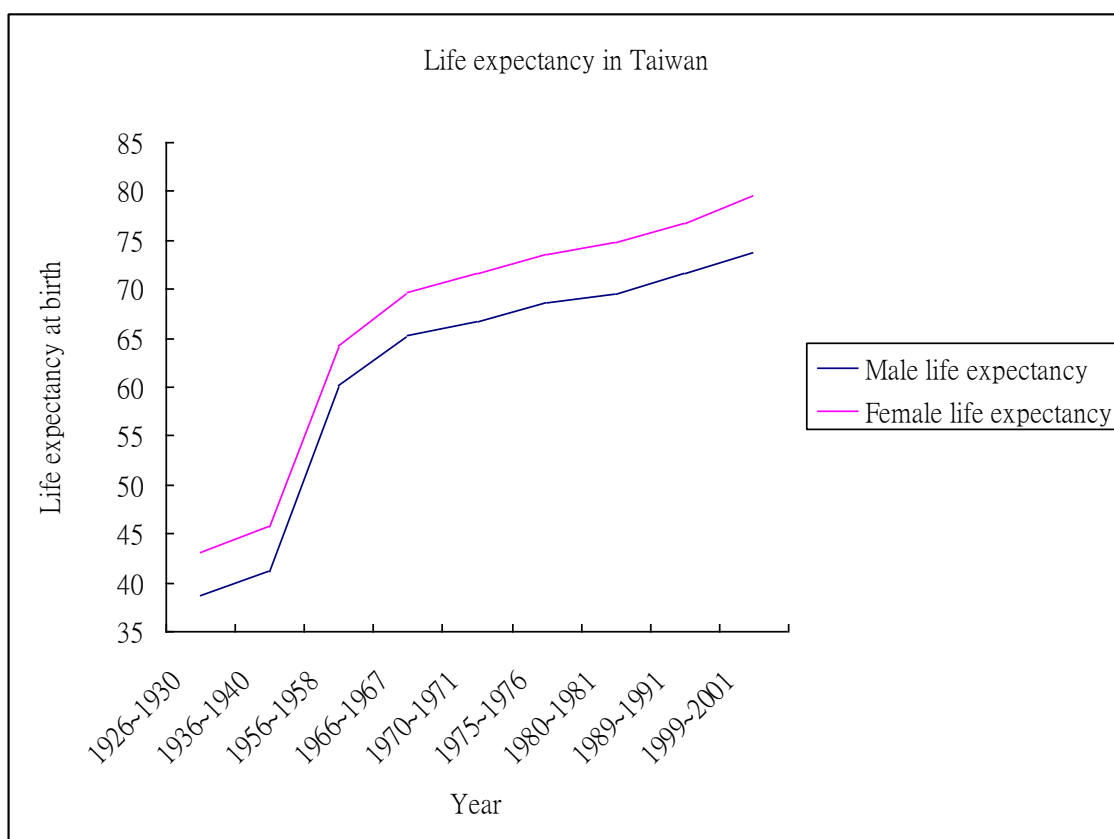


Figure 2-3 Life expectancy at birth in Taiwan from 1926 to 2001

Source: Department of Statistics, Ministry of Interior, ROC

<http://www.moi.gov.tw/stat/life.aspx>

2.1.4 Conclusion of Population Ageing in Taiwan

Based on the aforementioned data, population ageing in Taiwan can be concluded as follows:

- A. Overall, Taiwan has witnessed declining fertility, increasing life expectancy and proportion of those aged 65 and over.

- B. The greatest contrast between Taiwan and other countries in terms of the three indicators is the Total Fertility Rate. For example, three significant growth of the TFR lasting for more than 3 years can still be identified in the UK case (1977-1979 and 2002-2008) (Office for National Statistics, 2010), but that in Taiwan is basically a downward trend. This means that the trend for TFR in Taiwan is generally diminishing while some small pockets of increase in some years can still be found.
- C. Given that population ageing in Taiwan is self-evident, it can be expected that more demands from the elderly may not be satisfied by family or state social welfare systems any more. As an alternative response to the challenge, NPOs' role and function in the ageing society have drawn more attention. With the likely decrease of sponsorships from public or private sectors, there is a need for NPOs to run their businesses more efficiently, since the demands of the elderly are unlikely to diminish.

2.2 NPOs

NPOs with “Active Ageing” services for the elderly in Taiwan are the cases in this study. They feature in age-specific human services with health and participation as their focus. Though NPOs take place in various forms, human service nonprofit agencies exist within a turbulent environment (Birkenmaier, McGartland Rubio, & Berg-Weger, 2002), and

services for the elderly are offered by many kinds of providers, this study excludes long-term care units such as nursing homes, religious institutions, and individual volunteering motives. Nor does this study encompass informal networks or grassroots civic associations providing services at the local level. Instead, this study focuses on NPOs which are institutionalized and organized to some extent, and provide “Active Ageing” services to the elderly who do not live in these NPOs. More specifically, in order to have a productive and constructive comparison and understanding of the NfE industry, four NfE of different scales and levels are selected. As the Taiwanese NfE are objects to be studied, this research starts its literature review about NPOs and NfE in order to draw a broad picture of NPOs with “Active Ageing” services for the elderly, as well as to locate the four core NfE in the NPO arena. It is hoped that readers equipped with such prior knowledge in Chapter 2 can better understand NfE’s behavior presented in the following empirical chapters.

2.2.1 Definition of NPOs

NPO, which stands for non-profit organization, is generally meant to be an organization whose is not activated for the purpose of profit (Deans & Ware, 1986; Salamon, 1992).

Alcock (1996: 85) defines voluntary sectors in the UK as the intermediary between the

state and markets, the public and private, the formal and informal. In Salamon and Anheier's (1997) four approaches to define NPOs²¹, the structural-operational approach which emphasizes the fundamental structure and operation of NPOs has the most explanatory predictive power²². Though Salamon and Anheier acknowledge that the structural-operational approach is not perfect and Morris (2000) indicates that it is not universal enough and cannot be applicable to all eras from historical perspectives, it is still the most suitable as NfE selected in this study match five characteristics of NPOs included in the structural-operational definition (Salamon & Anheier, 1997: 33).

- A. NPOs are organized. They are institutionalized to some extent. NPOs in some countries are organized as juridical persons with administrative staff, regular meetings, rules of procedures, and organizational consistency.
- B. NPOs are private. They are different from the governments – neither part of the governments nor controlled by the governments. This does not mean that NPOs cannot be granted by governments or that government officers cannot join NPOs' board of directors. The key is that NPOs should be fundamentally private.
- C. NPOs are non-profit-distributing organizations. A striking difference between NPOs and for-profit organizations is that NPOs do not distribute profits to their owners or directors. Instead, the accumulated profits are utilized in the promotion of their

²¹ I.e., the legal, economic and financial, functional, as well as structural-operational approaches.

²² The legal definition lacks economy and organizing power, the economic/financial one has shortcomings in significance and combinatorial richness, and the functional one lacks economy and richness.

missions.

- D. NPOs are self-governing. They have their own governing procedures and are not controlled by outside entities.
- E. NPOs are voluntary. They can be voluntary as long as some voluntary input can be found, either in the substantial operation or in the management of affairs. This means that NPOs feature in voluntary participation to some extent, even just a voluntary board of directors. But this does not mean that NPOs have their income always from voluntary donation or most of their staff must be volunteers.

From their structural-operational features, NPOs can be defined as “a collection of entities that are: organized, private, non-profit-distributing, self-governing, and voluntary.” In other words, characteristics of NPOs have been demonstrated in structural-operational approach. Moreover, since economy and organizing power, significance and combinatorial richness, as well as economy and richness have been covered in this approach, it is clear that this is better than the legal, economic and financial, as well as functional definition. In summary, the criteria set by The Johns Hopkins Comparative Nonprofit Sector Project are adopted in this study. NPOs with “Active Ageing” services for the elderly in Taiwan are taken as cases and these organizations are formal (i.e., institutionalized to some extent), private (institutionally

separate from the government), nonprofit distributing (not returning profits generated to their owners or directors), and self-governing (equipped to control their own activities).

2.2.2 Classification of NPOs

This is a typological study and four NfE of different scales and levels are selected as representatives of each sub type. In order to appropriately position the four NfE in the NPOs arena, it is necessary to classify NPOs in a broader sense. While NPOs' characteristics can be concluded, there is a great diversity in the scope of services offered by NPOs and they are thus classified differently among scholars with different approaches.

Based on organizations' goals, Bitter and Rahdert (1976) classify NPOs into two categories. First, those in the public service category aim to provide services for the general public. Philanthropies, charities, foundations, religious groups, education and culture institutions, technological research organizations, social welfare institutions, and political groups are all within this category. Second, those in the mutual benefitting category aim to satisfy the mutual interests among their members. Clubs, cooperatives and mutual aid associations, labor unions, and commercial and occupational groups are

included. According to Hansmann (1987), NPOs can be classified based on the source of income and the fashion of control. Donors are the source of income for donative nonprofits while commercial nonprofits have their income from customers. In terms of control, mutual nonprofits are controlled by sponsors while entrepreneurial nonprofits are controlled by their board of directors. Similar to Hansmann's (1987) classification, Anthony (1988, 1990, 1999) has developed his Type A and Type B systems. Commercial nonprofits and entrepreneurial nonprofits in Hansmann's frame could be thought as Type A as it relies on income of the organization itself. Type B, on the other hand, covers donative nonprofits and mutual nonprofits.

Based on the structural-operational definition of NPOs, the entities embraced within NPOs are concluded by Salamon and Anheier (1997)²³. Such classification is identified in the International Classification of Nonprofit Organizations that classifies NPOs into twelve major groups based on their primary activities. It is also the classification system recommended in the UN Handbook on Non-Profit Institutions in the System of National Accounts. Moreover, eight types of NPOs are identified by Johnson (1999: 148)²⁴. By presenting different approaches developed by various scholars, this study does not aim to

²³ I.e., culture/recreation, education/research, health, social services, environment, development/housing, law/advocacy/politics, philanthropic intermediaries/voluntarism promotion, international activities, religion, business/professional associations/unions, and not elsewhere classified.

²⁴ I.e., neighborhood organizations, self-help and mutual-support groups, nonprofit institutions providing services for their cases, pressure and advocacy groups, medical/educational/social research groups, umbrella or intermediary organizations with the coordination of resources and the development of other organizations as their main concern, foundations, and international aid and development organizations.

conclude a universal classification system of NPOs. Instead, it is meant to project the four NfE in different classification systems so that readers can have a preliminary understanding about them while also be convinced that it is a typological study with appropriate sampling. Table 2-1 summarizes different approaches for the classification of NPOs and how the four core NfE fit in these approaches.

Table 2-1 Different approaches to classify NPOs

<p>Bitter and Rahdert (1976)</p>	<p>A. The public service category: philanthropies, charities, foundations, religious groups, education and culture institutions, technological research organizations, social welfare institutions, and political groups.</p> <p>B. The mutual benefitting category: clubs, cooperatives and mutual aid associations, labor unions, and commercial and occupational groups.</p> <p>⊗ Four NfE are in the public service category and especially social welfare institutions while their nature is less of political groups. NPOs A and B are foundations.</p>
<p>Hansmann (1987)</p>	<p>donative nonprofits (applicable to NPOs A, B, C, and D)</p> <p>commercial nonprofits (not applicable)</p> <p>mutual nonprofits (applicable to NPOs C and D)</p> <p>entrepreneurial nonprofits (applicable to NPOs A, B, C, and D)</p>
<p>Anthony (1988,</p>	<p>Type A: commercial nonprofits and entrepreneurial nonprofits in Hansmann’s classification (applicable to NPOs A and B but they are not</p>

1990, 1999)	commercial) Type B: donative nonprofits and mutual nonprofits in Hansmann's classification (applicable to NPOs C and D)
ICNPO and Salamon and Anheier (1997)	culture/recreation (applicable to NPOs A, C, and D) philanthropic intermediaries/voluntarism promotion (applicable to NPOs A, B, C, and D) health (applicable to NPOs A, B, and D) social services (applicable to NPOs A, B, C, and D) education/research; environment; development/housing; law/advocacy/politics; international activities; religion; business/professional associations/unions; not elsewhere classified
Johnson (1999)	neighborhood organizations (applicable to NPOs A, C, and D) self-help and mutual-support groups (applicable to NPOs A and D) nonprofit institutions providing services for their cases (applicable to NPOs A, B, C and D) foundations (applicable to NPOs A and B) pressure and advocacy groups (not applicable) medical/educational/social research groups; umbrella or intermediary organizations; international aid and development organizations

From Table 2-1, we can realize that there are different ways to classify NPOs who provide various services. This is the same for the NfE industry – though these NfE all exist “for the elderly”, we can still find a diversity of services provided by NfE. More specifically,

even an NfE can cover a wide range of programs in its service list. While NfE are specialists to cope with opportunities and challenges in the ageing society, the diversity and versatility make it administratively not easy for the bureaucracy to govern these NfE, a topic to be elaborated in Chapter 4 about institutional environment and the NfE. It also implies that NfE need to work with stakeholders of various backgrounds, another topic to be presented in Chapter 5 and 6 about organizational social capital of the NfE.

2.2.3 Terminology of NPOs in Taiwan

In the series of reports from the comparative nonprofit sector project held by Johns Hopkins University, the term “nonprofit” can be widely found in most countries’ reports. Deeply influenced by the U.S.A., the term “Non-Profit-Organization” (or NPO) is predominantly adopted in Taiwan, and the main reason for such fact is that most experts and scholars in relevant field are educated in universities in U.S.A (Kuan, 2000). The predominant use of the term NPO in Taiwan can be illustrated by searching in the two databases for academic resources: the Electronic Thesis and Dissertation System and the Index to Taiwan Periodical Literature System. A striking gap can be found among the term NPO and others. In the Electronic Thesis and Dissertation System, 691 results with the term NPO can be found when the term is keyed in as the title, 49 with the term “Civil

Society”, 14 with the term “The Third Sector”, and none with the term “Voluntary sectors”. In the Index to Taiwan Periodical Literature System, the figures are 300, 101, 34, and 3 accordingly (Retrieved on July 20, 2010).

Two terms applied to NPOs

While the term NPO is widely used in Taiwan both academically and practically, it has variations rooted in Taiwan’s legal tradition. As a civil law country, Taiwan’s legal basis for NPOs is the Civil Code in which the Article of Juridical Persons has categorized NPOs as private juridical persons, as opposed to the government as public juridical persons (Feng, 2009; Lin, 2009). The Civil Code’s legal framework pertaining to NPOs and the corresponding terms are illustrated in Figure 2-4.

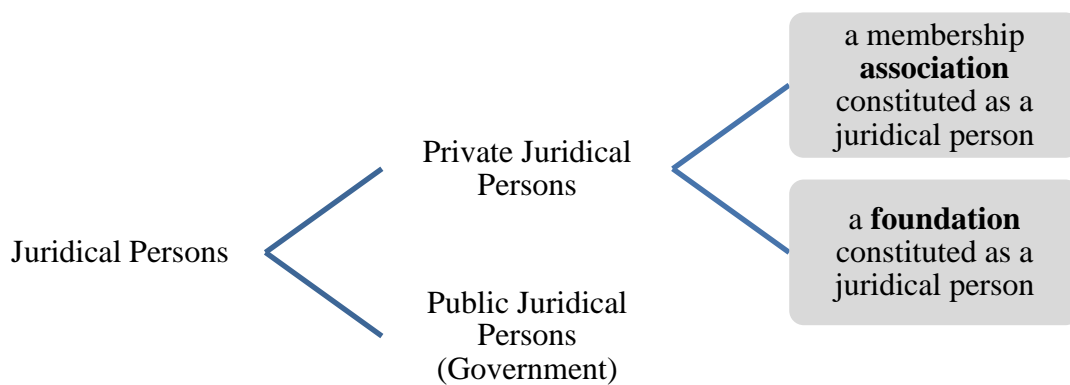


Figure 2-4 The legal framework of NPOs in Taiwan

Note: Those marked with shadows are applicable to NfE in this study

Sources: Feng (2009) and Lin (2009).

According to the Civil Code in Taiwan, NPOs can be divided into two categories: a membership association constituted as a juridical person and a foundation constituted as a juridical person. The former is established based on its members while the latter is founded based on its properties (Feng, 2009; Lin, 2009). Further comparison of the two can be illustrated in Table 2-2. NPO A is a foundation; NPO B is a membership association; NPOs C and D are civil associations but not juridical persons.

Table 2-2 Comparison of membership associations and foundations in Taiwan

	a membership association constituted as a juridical person (社團法人)	a foundation constituted as a juridical person (財團法人)
Basis to be established	People or members	Money or properties
Way of establishment	Launched by two or more natural or juridical persons	Founded with a property donated by a natural or juridical person or a testament
Categories and characteristics	For-profit: companies (not NPOs) Non-profit: licensed by the competent authorities first and then registered as a juridical person to the court	Non-profit: licensed by the competent authorities first and then registered as a juridical person to the court

Internal organizations	The convention of members is the highest decisive institution while the council is in charge of general affairs	Operated by CEOs who are responsible for the board of directors
Changes in organizations and constitutions	Decided by the convention of members	Decided by constitutions formulated by the founder(s) while necessary actions can be claimed to the court to deal with the inconsiderate

Source: Feng (2009, p. 252)

2.2.4 Legal and Regulatory Framework

After discussing the terminology issue, it is necessary to elaborate legal and regulatory framework pertaining to NPOs in Taiwan since it exerts a major influence upon the non-profit sector whose development is significantly affected by the “favorability” or “un-favorability” of the legal framework within which non-profits operate. Based on the measure of the favorability or un-favorability of a legal framework, the transaction costs involved in creating and using non-profit organizations to meet certain objectives can be understood (Salamon & Toepler, 2000). For example, public reporting requirements shore up public trust in non-profits, but at the same time discourage non-profit entrepreneurs from establishing NPOs because of the reporting burdens. Similarly, tax exemptions may encourage non-profits to form, but at the same time, restrictions on eligible forms of earned-income (i.e. sales) may discourage non-profit entrepreneurs from forming non-profits and set up for-profit organizations instead. In summary, a country’s body of laws and regulations (including its enforcement) exerts a complex, and sometimes contrary, impact upon the health and development of the non-profit sector. This section will first examine the legislation issues about NPOs and then investigate their potential problems which may negatively influence on the development of NPOs.

2.2.4.1 Civil Law System in Taiwan

There are generally two kinds of legal systems in the world. Each system exerts a distinct influence upon the non-profit sector. The common law system, based on the historic English legal system, is practiced in countries such as the United Kingdom, United States, and other former British commonwealths. The civil law system, derived from Roman law but influenced heavily by the Germanic tradition, is practiced in countries such as Germany, Japan, and Taiwan. According to Salamon and Anheier (1997: 498-499), the difference is that,

In common law countries, by contrast [to civil law countries], private institutions can claim the privilege of operating in the public interest as a matter of right. Instead of carefully codified laws on what constitutes a permissible private action for the public good, common law countries have built up much more ambivalent systems of case law that define what the evolving sense of the community means for the public good. The result is a somewhat more open field for the formation of non-profit organizations claiming public-benefit status.

In civil law countries such as Taiwan, rights and obligations of private institutions are spelled out in codified law. “If a particular type of institution is not explicitly provided for in the law in such countries,” Salamon and Anheier point out, “it does not have the right to exist. What is more, the State in such countries is assumed to act for the public or common good and is covered by public law. For an organization to function in a public

capacity in such societies, it must therefore be given this right by a public institution.”(Salamon & Anheier, 1997: 498). In Taiwan, under the civil law system, the authoritarian KMT regime maintained strict control over organizations that were allowed to register with the state apparatus, and thus used the legal system to manipulate all associational activities within its borders. That explains why the revisions to the CAA in 1989 were a turning point for democracy, civil society, and the development of a non-profit sector in Taiwan.

Taiwanese NPOs are governed by the Civil Code, which provides the legal basis for their establishment and operation (Feng, 1999). The Civil Code recognizes two distinct legal personalities: natural and juridical persons. Natural persons, or human beings, can organize a civil association in accordance with the CAA, which stipulates the required conditions, permits, and application procedures. According to the CAA, civil associations must either promote culture, academic research, medicine, health, religion, charity, sports, fellowship, social service, or other social welfare. Civil associations can, depending on its purpose, register with the appropriate local or central government agency as one of three types of associations: political, occupational, or social associations²⁵. National associations must obtain approval from the Ministry of the Interior, while local

25 CAA, Chapter 8 (Social Associations 社會團體), Article 39 (Definition). After registration with appropriate government agencies, a civil association can decide whether to register with courts as a juridical person.

associations must first apply to the local government's Bureau of Social Affairs before finally obtaining approval from the local government (Hsiao, 2006b). To establish a foundation at the central government level, the government requires an endowment of at least NTD \$30 million. At the municipal level, the requirement is much lower at NTD \$5 million. Nevertheless, these requirements effectively limit the establishment of foundations mainly to those that can raise such funds (e.g, wealthy individuals, companies, and the government).

The Civil Code's regulation pertaining to foundations is far more complex than that on civil associations. Endowment-based foundations must have a philanthropic purpose and register with a specific central, municipal, or local government agency²⁶ that relates to its institutional mandate and purpose (Kuan, Kao, & Pelchat, 2003: 275). Each agency issues its own "Regulations for the Establishment and Supervision of Foundations," that govern the establishment, operation, asset use, and supervision of foundations. The only express limit on foundations engaging in commercial activities is a vague statement that non-profits "should not have for-profit purposes and activities." (Feng, 1999: 319). Feng further elaborates, "The governing agencies and other public officials oppose the conduct of for-profit activities by NPOs, but there is neither a clear definition of that category of

²⁶ There are 21 agencies in total.

activity nor a sound mechanism for monitoring them. In practice, charging fees for services is considered for-profit activity.”

Tax-exemption is a major reason why individuals and groups register as either civil associations or foundations. The Income Tax Law provides tax-exemption for educational, cultural, public interest, or charitable organizations that are established in accordance with relevant regulations. In exchange, however, non-profits must accept the non-distribution constraint. Thus not all income earned by civil associations or foundations qualify for tax-exemption. Qualified organizations (and their subsidiaries) are entitled to tax exemption on their own income, except for income generated from the sales of goods and services (Feng, 1999). Generally speaking, there are similar characteristics between qualified tax-exempt entities in Taiwan and the structural-operational definition proposed by Salamon and Anheier (1997). First, tax-exempt entities must be organized (i.e. registered with the authorities). Second, tax-exempt organizations are institutionally separate from the government (except for few associations and foundations established by the government). Third, tax-exempt organizations must be non-profit distributing. Fourth, tax-exempt organizations control their own activities and have their own internal governance procedures. And fifth, tax-exempt organizations are non-compulsory, as was the case during the authoritarian

regime. Therefore, tax-exempt organizations in Taiwan conform, for the most part, to the structural-operational definition.

2.2.4.2 Problems in the Legal and Regulatory Framework

While Taiwan has a large body of laws and regulations concerning NPOs, its framework is far from perfect as in other countries. There are three major inter-related problems with the current framework. First, no single agency is responsible for collecting data or regulating NPOs, except the National Tax Bureau. Under the current system, supervisory responsibility at the national level is divided among twenty-one different agencies. Each of them has different standards and uneven capacities to guide and supervise NPOs under their jurisdiction. As a result, non-profits can be confused from registration to operation. For example, should a social welfare NPO register with a health or welfare-related agency? Given the pluralistic nature of non-profit work, NPOs must interact with numerous agencies that have different and conflicting policies. Consequently, NPOs have incentives to register with an agency that has favorable or loose standards, requirements, and supervision practices (Feng, 1999). This leads towards further supervisory burdens on an agency that may neither have the capacity nor ability to fulfill its statutory obligations. While the lack of a single regulator leads to supervisory confusion, an

incoherent body of laws and regulations worsens the situation.

Second, the supervision of NPOs is secondary to the main work of government agencies (Kuan, Kao, and Pelchat, 2003). As a result, effectiveness of the monitoring and evaluation (hereinafter abbreviated as M&E) system depends on the agency in charge, leading to mixed results. In a 2003 study of the Taiwanese NPOs, Kuan, Kao, and Pelchat argue that government agencies are overwhelmed by the complexity and intricacy of different aspects of NPOs that need to be evaluated. This problem is due, in part, to the lack of human resources and professional training that is required to adequately supervise NPOs. The existing problem is further compounded by the fact that the number of registered civil associations at the national and local level has increased by 56 percent and 37 percent respectively since the 2003 study. Complexities also include subjective judgment calls on whether or not an NPO serving the community is meeting its public interest goals, a hotly debatable topic in itself. These problems caused Feng (1999: 330), in a legal study of foundations in Taiwan, to conclude that, "...the problem in protecting the public lies not only in the legal structure of the relevant regulations, but also in the limited capacity of the government to implement these regulations."

Third, NPOs are not required to make their regulatory filings publicly available. This

means that NPOs are, in effect, only accountable to the government but not the general public. This fact raises fundamental concerns regarding the transparency and accountability of NPOs. Moreover, the financial examination of NPOs is insufficient to ensure the sector's integrity. At present, the National Tax Bureau is the only agency that reviews filings for all NPOs (e.g. annual financial statements). Yet, according to Kuan, Kao, and Pelchat (2003), the Bureau's financial examination is limited to ensure that NPOs spend at least 70 percent of their total annual income. In addition, Feng (1999) argues that tax laws are not specific or comprehensive to ensure sufficient guidance and supervision. Unfortunately, for-profit corporations and family enterprises have, in some cases, abused foundations as a tax avoidance technique.

As a result of this fragmented legal and regulatory framework, the NPO-State relation features in lack of trust. Moreover, though M&E standards are clearly set by the central government, it is the local government who is in charge of implementation. As noticed by Kuan, Kao, and Pelchat (2003: 272), "the relationship between the third sector and the government in Taiwan today is as much about cooperation as it is about laissez-faire, control, and mistrust, depending on the NPO and the government agency." In addition, Feng (1999: 272) also concludes that, "authorities generally focus much more on formality than substantial affairs. Also, the administrative authorities are often subject to

political and popular influences.” In other words, while the complicated civil law system creates a fragmented framework for NfE, it also offers a vague space for NPOs given the laissez-faire attitude of the State.

Obviously, the existing legal system for NPOs needs to be reformed so that: (a) a unified legal framework on the formation, operation, and dissolution of NPOs can be consolidated; (b) NPOs could also benefit from clear and adequate rules on registration, fundraising, purchase-of-service contracts, as well as the roles and scope of governing and judicial authorities. Without any reform, the NPO-State relation is still distorted. As the two themes pertaining to the NPO-State relation, privatization of government services and community-oriented policies will be examined in the next section.

2.2.5 The NPOs-State Relations in Taiwan

The emergence and development of NfE are two of the three concerns in this study. As both are deeply influenced by the institutional environment, the NPO-State relation needs to be examined.

Under the fragmented regulatory framework, NPOs are confronted by problems derived

from the bureaucracy and their relations are also shaped by such institutional environment. The registration system for NPOs has been changed from an approval system to reporting-to-record system, which would not require approval of the appropriate government authority. Rather, representatives of an association would simply file the required paperwork to the authority as a matter of record, thus allowing citizens to exercise their right to freedom of association more freely. The institutional environment also enables NPOs to manage their internal affairs more independently, though still requires them to follow measures to safeguard financial transparency and governance. Such measures include the public disclosure of financial and operational information. Finally, for NPOs engaging in for-profit activities, the government requires a higher level of financial transparency and that NPOs direct profits towards mission-related activities. These are, however, ideal situations as in reality NPOs have various strategies to deal with institutional requirements imposed by the government. Since regulations are set by the central government but implemented by local government, the institutional nature generates space for some NPOs to behave alternatively as universal standards can be interpreted and practiced differently according to local government officers' political considerations. This section elaborates two key issues concerning NPO-State relation: the privatization and community-oriented policies.

2.2.5.1 Privatization of Government Services

The government shows an increasing preference for contracting with private and non-profit agencies to provide social welfare services. Privatization of social welfare started in the mid-1980s and it evolved from short-term welfare cases to long-term contractual services as the government was called upon to provide a wider range of social welfare services beyond its capacity (Huang, 2001). This trend can be first traced back to 1983, when the Department of Social Affairs in the Ministry of the Interior encouraged privatization by enacting a guideline known as the “Enhancing Collaboration between the Government and the Private Sector to Promote Social Welfare Implementation” (加強結合民間力量推展社會福利實施計畫). This guideline enabled county and municipal authorities to adopt subsidies, incentives, or contracts with the private sector to provide social welfare.

The reasons for privatization are both ideological and practical. Ideologically, privatization suited the liberal orientation of Taiwan’s policymakers because they viewed privatization as more efficient and were unwilling to expand government bureaucratic and fiscal responsibility. Practically, it is not economically efficient for the State to provide a growing array of diverse services because of the lack of resources, personnel,

and good governance (Huang, 2001). In sum, privatization of services emerged as a solution for both ideological and practical reasons.

2.2.5.2 Community-oriented Policies

Civic consciousness and grassroots community participation were both activated after the 1980s social movement era when Taiwan witnessed the formation of its civil society. The regime was clearly aware of this and its response crystalized its political agenda. Since the 1990s, community has featured in the government's political construction as the focal concept. According to Chiu (1995), the "Regulations on the Work of Community Development" (社區發展工作綱要) enacted in 1991 opened a new channel for social forces to be institutionalized into the administrative system. It allowed one community development association to be established in a village or borough, an officially defined administration unit rather than a real composition of residents' voluntary community awareness. Chiu argues that the unnatural design was rooted in KMT's tactics to tackle non-KMT village chiefs whose being elected is made possible by democracy²⁷. DPP was clearly aware of this so when it was in power, the "Community Development Program"

²⁷ If a village chief is not from KMT, then a community development association is established to compete against the non-KMT chief and hopefully can replace him/her in the next election. The community development association thus is mainly for local politicians with hidden agenda but in the name of "for the good of our community".

(社區總體營造), a series of discourses already adopted in the 1990s by the KMT government, was transformed and dominated the State's discourse in its reform movement. As Prof. Chiu Hai-Yuan mentions in the interview:

The DPP's agenda is to replace villages with communities. The administrative system has been penetrated by KMT who established community development associations to overthrow the non-KMT village chiefs. It makes more sense for DPP to open a new battlefield. The ideal situation for DPP is that as long as the "Community Development Program" becomes a huge success, then in the future communities will replace villages and become the real field where citizens can be more authentically involved in local political life. Obviously DPP wants to use communities to fight against KMT's concrete patron-client system but unfortunately it is too naïve and it fails.

The policy "Community Development Program" itself is a huge success with profound impacts on Taiwanese civil society, though for DPP's political agenda it proves not so useful. Following the 1990s when community awareness was raised because of the "Community Development Program", its legacy lasted into the next decade and docked the CCCP as initiated in 2002. A DPP politician, Mr. Su Huan-Chih, was considered as the founder of Taiwan's Equal Pension Scheme (Fu, 2000; Wang, 2000). He was elected as the legislator in 1992 with his opening salvo against the unequal entitlements between native Taiwanese and veterans from Mainland China. His success in 1992 further pushed DPP to take the pension issue as the main discourse in the 1993 election for county magistrates. Later when he was elected as the Tainan County Magistrate (2001-2010), he launched an experimental project in 2002 and established 279 communities care centers

to take care of the elderly, which then became the enlarged CCCP promoted by the central government. In the interview, he admits:

If I tell you I don't do it for political gain would you believe me? Admittedly, now that our goal for a more equal pension scheme has been partially achieved, though not 100% perfect as we would wish, we must do something else in the post-pension debate era. Otherwise how can we keep mobilizing at election times? Admittedly it's harder to mobilize votes by speculating ethnic issues, and response is much less than the 1993 pension culmination. But what if we still want to do something for the elderly? Pension is one thing, but the elderly living in communities need other support. This is how the idea of community care centers came into my mind.

In his study about the policy development and evaluation of community-oriented social services in Taiwan, Lai (2000) mentions that in 1995 the issue of community-oriented social welfare was discussed in the National Community Development Conference and the establishment of the "Taipei Community Care Committee" was the consequence of "deinstitutionalization" movement developed over the years. This echoed former president Lee Teng-Hui's call on the community development in the 1990s. As community development was one of his political views, various government agencies were driven to pay more attention on community work. Compared to community issues, welfare-related policies did not receive as much attention. This explains why delivering welfare through community was proposed at this moment.

2.2.5.3 The Changing NPO-State Relation

Based on privatization and community-oriented policies, the NPO-State relation in Taiwan has undergone changes since the 1980s.

From transformer to collaborator

In Taiwanese NPOs' history, a majority of NPOs activate themselves to fight against the authoritarian regime and can therefore be thought as accelerators in Taiwan's deepening democracy and civil society (Hsiao, 2009). Hsiao (2010) describes the trilogy of the changing NPO-State relation as follows:

- A. 1947-1970: KMT's dictatorial and authoritarian "political force" is in absolute domination.
- B. 1970-1979: Economic force of civilian business emerges, yet still under tutelage of the KMT regime power.
- C. 1980-2010: Social force rises gradually from free associational life and popular movements, and this is free from the KMT regime's control.

Overall, the 1980s is the turning point after which there are increasing numbers of NPOs and civil society organizations. Hsiao (2010) further elaborates the post-1980s into two

phases.

Phase 1 (1980-2000): Democratic Transformation, when KMT was still the ruling party.

Phase 2 (2000-2010): Democratic Consolidation, when DPP first became the ruling party after 2000 for eight years.

As the government does not resort to high pressure or threat for social control, it leaves more opportunities for NPOs to collaborate with the State, from privatization to advocacy and bill drafting (Ku, 2005).

Reform as the principle

Ku (2005) interprets the NPOs-State relation from the angle of social movement and regards it as the embodiment of social force against political and economic forces. In the 1980s, many civil society organizations emerged with their lurking energy erupted after the lifting of Martial Law since more organizational opportunities became available. Conflicts and contradictions that had long existed in Taiwanese society before the lifting of Martial Law were highlighted in a great amount of social movements. The blossoming of social movements in the 1980s featured in two aspects:

A. Identity-oriented or welfare-oriented such as labors, farmers, females, the

handicapped, and the aboriginals.

B. Issue-oriented such as environment protection, urban and community development, education reform and judicial reform.

However, for sustainability reason many groups engaging in street protests in the 1980s started to institutionalize themselves as organizations and ceased to take street protests as their means since the 1990s. With their influences as the third sector, the newly-established NPOs did not take to the streets but instead paid more attention to the formulation of public policies such as social welfare, conservation, health care, and consumer rights. In other words, social forces are no longer informal and anti-system but are associated as organizations with clear purposes. Given that Taiwanese society has returned to normal in the decade after the lifting of Martial Law, the purpose for associations in the 1990s was to satisfy a diversity of demands in a more mature democratic society with more capacity to absorb conflicts and maintain dynamic stability among all forces in the society. We can say that the emergence of current NfE is connected to the afore-mentioned broader context where community-related discourses highlight the State's privatization policy. It also implies that younger generations of NfE are more institutionalized than their predecessors were. Previous achievements in reform movements concerning the elderly's rights (especially social security) on one hand pave

the way for the current generation but on the other hand direct their focus and constrain their development since security concerns are dealt with, leaving health and participation as the focus. The fact that current generation continues working on the achievements of their predecessors features in NfE's evolutionary development. An overview about NfE in Taiwan will be the next topic.

However, there is another dilemma in NPOs' collaboration with the State. On the one hand, social work is closely relevant to the government and its policy. For example, government's guidance and assistance are important for civil forces in the 1980s to shift and take the form of institutionalized organizations in the 1990s; NPOs also depend on government's financial support for their operation. On the other hand, though, dependence on the State might be harmful to the autonomy of NPOs when assessing the advantages and disadvantages of CCCP in the context of NPO-State relation.

2.3 Features of NPOs and NfE in Taiwan

To date there are no academic researches or government reports and statistics that count specifically for the NfE industry in Taiwan. The unavailability of NfE data is partially due to the fact that NfE cover a wide range of services crossing different areas, which

makes it difficult for the government to classify NfE and conduct statistics accordingly.

But since scholars paying attention to NfE are mainly from the social welfare background, NfE are usually considered academically as those in the category of social welfare in Taiwan. Statistics and research papers cited in this section are therefore concerning social welfare NPOs mainly.

Features of NPOs in Taiwan

After we are able to recognize whether an organization is an NPO, we shall then examine the features of NPOs in Taiwan. The development of NPOs in Taiwan has witnessed a short one since the late 1970s. According to Hsiao (2006), six features can be identified in Taiwanese NPOs.

- A. With 68.4% founded in the 1990s, they are generally young organizations. This can explain the low differentiation in the board of directors.
- B. Around 60% of NPOs in general are based in northern Taiwan.
- C. 67% are small-scaled as their current funding is below 10 million New Taiwan Dollars (NTD\$) (around 200,000 GB Pounds) as opposed to 15% beyond 50 million NTD\$ (around 1 million GB Pounds). A huge wealth gap can be found.
- D. Around 65% are founded with individual donations as opposed to 5.5% by government grants. Furthermore, while most NPOs have businessmen as their

directors in order to broaden their resource networks, few boards of directors have indeed functioned in this regard. The control of internal operation is still considered as the main job of boards of directors.

E. Education, social welfare, as well as culture and art are the main missions of Taiwanese NPOs in general, at 70.7%, 50.9%, and 38% respectively.

F. They are also small-scaled in human resources. The average number of staff hired by NPOs in general is 11.36 persons.

Social welfare NPOs: an overview

The first research question is about NfE's emergence and it is important to know when they were founded. With 8.5% of social welfare NPOs founded in Taiwan before the 1980s and 40.7% between 1981 and 1991, the majority of them were founded after the 1990s at 50.9%. Their average life was 16.3 years, as opposed to the 12.7 years for NPOs in general in Taiwan (Chiou, 2009). Moreover, there was an imbalanced geographic distribution of social welfare NPOs. Taipei, located in northern Taiwan, has been the political and economical center of Taiwan since the Japanese colonial regime started in 1895 (Liu, 1994). In 2009, 7.23 million people living in the Greater Taipei Area out of the total population of Taiwan at 23 million people. (Directorate General of Budget, Accounting and Statistics of Executive Yuan, 2010). With almost a third of Taiwanese

population clustering in this area, undoubtedly Taipei is the political and economic center. A significant demographical imbalance can be found in Taiwan's social welfare NPOs. 55.9% of them are based in northern Taiwan, 27.1% in central Taiwan, 16.9% in southern part, and none in eastern area. In terms of activeness, those in northern Taiwan are also more active than their counterparts in other areas (Chiou, 2009).

A great diversity is recognized among the social welfare NPOs' scale in terms of human resources with the biggest at 904 staff hired and the smallest at 1 staff (137 persons as the standard deviation). Such a huge gap is found in the initial amount of funding when founded- 22% reported their funding below 2 million NTD\$ while 8.5% beyond 50 million NTD\$. However, comparing the initial amount of funding when founded and current funding in 2001, social welfare NPOs' financial capacity has grown dramatically. When founded, 28.8% and 8.5% had their funding at 10-50 million NTD\$ and over 50 million NTD\$. But in 2001, this has grown up to 33.9% and 28.8% respectively (Chiou, 2009). Their interaction with the government has a pattern as follows: submitting annual reports at 90.9%, transferring cases at 49.1%, conducting outsourced cases and receiving grants from the government both at 32.7%, policy advocacy at 14.5%, and policy consultancy at 9.1%. Obviously, social welfare NPOs in Taiwan have not played an active role in policy making or supervising the implementation of policies. This means that

social welfare NPOs in Taiwan have not formed a stream of influential social force. Being still conservative, their role in social transformation is ignored (Chiou, 2006).

Compared to the “not-so-active” interaction with government, social welfare NPOs interact with other social welfare NPOs actively, with joint events and conferences at 74.2%, sharing funds sponsoring at 45.2%, and joint service programs at 41.9% (Chiou, 2006). Moreover, their networking with other organizations is also effective. Their resource networks are quite community-oriented: 65.5% report their networking with local authorities concerned, 48.3% with educational organizations, and 41.4% with the central government. However, only 30% network with commercial companies and less than 20% with financial institutions (Chiou, 2006). Though the afore-mentioned researches do not only focus on NfE but instead on social welfare NPOs at large, they still provide valuable knowledge based on which we are able to draw a broad picture of NfE. Since a large scale survey focusing on NfE is missing now both in academics and the bureaucracy, selecting representative cases through accurate purposive sampling is feasible for this research at this stage.

Features of NfE in Taiwan

The importance of the middle class²⁸ is to NPOs as it is to NfE. According to Kuan (2006), directorates of Taiwanese NPOs are mainly from the business as well as education or academia background and it is also the same case for the board chairmen – 33.1% and 21.3% of them have background in business and education or academia respectively. Kuan's (2006) explanation is that middle class generally has higher socio-economic status which is helpful for NPOs to network and raise resources. As for NfE, both Hsiao and Sun (2000) and Wang (2000) have noticed that before the social movement era in the 1980s, the middle class elderly have already had their own social clubs which feature in the provision of leisure activities. But in the 1980s these middle-class elderly started to accept the concept of social welfare and recognize the urgency of fighting for minority older people. In Chen's (2002) study, 74.1% of directorates in NfE have received higher education. Moreover, 43% come from business background while 11.1% are from the academia or education community. Similar to Kuan (2006), Chen believes that such management structure is useful for NfE to construct their social capital and networks. Notably, the fact that founders of the four NPOs in this study are retired hospital superintendent, veterinarian, retired primary school teacher, and retired businessman respectively also denotes the important role of middle class as the driving forces of civil society and welfare state in Taiwan.

²⁸ More details about the middle class in the historical context of social movements and its influences on the development of NPOs will be presented in Chapter 3.

2.4 Prospecion Based on the Background Context

As NPOs serving the elderly are the topic, this study starts from facts of population ageing in Taiwan. After that, NPOs and NfE are conceptualized through terminology, corresponding legal and regulatory framework, and attendant problems. This chapter terminates at the NPOs-State relation and features of NPOs and NfE in Taiwan.

From Chapter 2 it can be concluded that population of the elderly is increasing faster than other age groups, and the government, commercial, and non-profit sectors have all engaged in responding to their needs. However, civil associational freedom would not be possible without opportunities released by an open political system. Chapter 3 therefore aims to investigate the historical background where current NfE come from. Moreover, securing legitimacy and resources from a competitive environment relates to NfE's institutional environment as well as social networks and relations. Chapter 4 will deal with how embedded institutional environment influences NfE and how NfE position themselves in the spectrum of welfare delivery, especially in relation to the government. As for how social networks and relations with their stakeholders benefit and constrain NfE differently in their "Active Ageing" campaigns, more details will be elaborated in

Chapter 5 and 6, for their structural and relational organizational social capital respectively.

Chapter 3 Historical Perspective: Origin and Emergence of the NfE

The current welfare regime's promotion of "Active Ageing" through the CCCP has not fallen from the sky but instead rests on progress in the context of history. Before illuminating the origin and emergence of contemporary NfE, it is necessary to provide the historical background about NPOs and the issues concerning population ageing. The historical background has also shaped NfE's embedded institutional environment and has left a fundamental impact on the organizational field of today, particularly NfE's interaction with the State.

Based on four themes, this chapter sets out the pre-1993 history related to the NfE. Section 3.1 describes the KMT regime's authoritarian ruling from the 1945 to the 1970s as well as how the statist policy influenced the political liberalization, civil associational life, and social welfare expenditure. Sections 3.2 and 3.3 are meant to explain why there existed a flourishing ecology of NPOs willing and able to contract for services and why the policy solution involved outsourcing rather than provision by the state. The upsurge

of social movements and democratization from 1980 to 1992 is elaborated in Section 3.2; the extension of social welfare expenditure after the dictatorship suffered from legitimacy crises is analyzed in Section 3.3. Based on findings of these sections, in Section 3.4 we are able to answer why ageing was constructed as a political problem through examining the evolution of NfE. By analyzing how NfE fared during this period in terms of legislation and mobilization, Section 3.4 moves to the discussion of electoral politics, welfare policy, and the evolution of NfE whose third generation pays little attention to the advocacy of security issues under the field frame “Active Ageing”.

3.1 The KMT’s Authoritarian Ruling before the 1980s

Studying the history of Taiwanese NPOs, Hsiao (2002 and 2009) divides Taiwan’s history under the ROC regime into three periods: (a) 1945-1960s featuring in politics under the KMT dictatorship; (b) 1970s highlighting economics due to industrial transformation; (c) 1980s-2000s witnessing social empowerment together with democratization. Similar to Hsiao (2002 and 2009), Duh (2012) develops his historical division as 1945-1980, 1981-2000, and post-2000. Their review of history concerning NPOs highlights the NPOs-State relations and links to changes in the external environment. This justifies why political, economic, and social transitions are taken into consideration before analyzing

NfE's evolution in this chapter. More specifically, as NfE are the cases and 1992 marks the watershed in their evolution, the historical analysis in this study differentiates the pre-1980s and 1980s-1992 as two distinctive periods.

Before the 1980s, Taiwan was under the KMT's authoritarian one-party ruling for almost four decades. Chiang Kai-Shek's regime took over Taiwan from Japan after World War II in 1945. Later in 1949, however, it fled to Taiwan after losing the civil war in China. Since then the KMT regime manipulated and appeased the Taiwanese society simultaneously. On one hand, freedom of assembly and association was restricted and there was little space for the development of grassroots civil society; on the other hand, the regime absorbed and incorporated local elites into its troops to stabilize the dictator's reign (Chen, 2009).

However, two interrelated factors changed the situation and the regime was pushed to release more political freedom and solve social problems. First, the rapid economic development in the 1960s and 1970s generated a new urban middle class who made political and social demands of the government for political liberalization and solutions to social problems. Moreover, the regime suffered from legitimacy crises as the consequence of domestic impediments and diplomatic plights in the 1970s. In response to

these attacks, the KMT tried to shore up its political legitimacy by enlarging social welfare schemes and activating political liberalization.

Emergence of the new urban middle class

In the 1960s and 1970s, an urban middle class emerged mainly because the KMT regime changed its policy concerns from political to economic issues. This shift was partially because the regime realized that the possibility to reclaim Mainland China was decreasing and that economic developments as well as the resulting improvement of citizens' living standards were instead vital to its military sustainability and political legitimacy (Chu & Lin, 2001). According to Cheng (1989: 482), this was also because the "capitalism mechanism had outgrown the regime's political capacity...the ever-expanding civic and economic associations are beyond the KMT's monitoring capacity." As the result of the industrial transformation and the economic lift-off, the re-distribution of wealth led to the productive, educated, and well-positioned members in society (Kuan, 1994). Industrial development and ascending educational accomplishment further created a growing urban middle class (Gold, 1993).

In line with Anheier and Salamon's (1998) observation from their comparative analysis in the developing world, the Taiwanese middle class played an important role in the

development of Taiwan's civil society. With small and medium-sized enterprises run by local entrepreneurs who remained independent of the KMT, a polarized division between the political power and socio-economic elites can be identified (Cheng, 1989). It reflected the "sub-ethnic division between mainlanders²⁹ and native Taiwanese³⁰" (Cheng, 1989: 482) – mainlanders dominated the politics arena while native Taiwanese sought to transfer within the social stratification through economic means. The situation changed only after the death of Chiang Kai-Shek in 1975. When Chiang Ching-Kuo inherited the presidency of the ROC from his father Chiang Kai-Shek, he managed to broaden support from native Taiwanese to the KMT regime by incorporating more native Taiwanese elites into the bureaucracy and politics through his "Taiwanization" policy. Indeed, the "Taiwanization" policy could be considered as a consequential response after the regime was thrust into legitimacy crises in the 1970s.

The KMT regime's legitimacy crises

International and domestic blows signified the increasing legitimacy crises against the KMT regime in the 1970s. Internationally, the ROC was expelled from the UN and other

29 The term "mainlanders" means the veterans as well as their family and next generations who had their diaspora with Chiang Kai-Shek from Mainland China to Taiwan after World War II and Chiang Kai-Shek's failure in the civil war against Mao Ze Dong in China. Mandarin is their language and public service (military services, government agencies, and education) is where they find their jobs mainly.

30 Compared to "mainlanders", the term "native Taiwanese" denotes those who already live in Taiwan before Chiang Kai-Shek and his regime fled to Taiwan after World War II. Japanese and Taiwanese are their languages while they tend to work in other sectors except public service dominated by the mainlanders.

international organizations in 1971. Then, Japan announced its diplomatic recognition of the PRC in 1972. The series of international rifts culminated in late 1978 when the USA, ROC's most important ally, established diplomatic relations with the PRC. Domestically, the Chung-Li Incident³¹ and the Formosa Incident³² triggered political opposition against the dictatorship. Consequently, it became possible for the political elites outside the KMT to organize and institutionalize political movement. In response to the middle class's demands as well as the legitimacy crises of the 1970s, the regime made efforts to consolidate its political legitimacy by responding to public demands for political freedom and social welfare in a timely fashion and on a greater scale.

3.2 Political Liberalization and Civil Associational Freedom

3.2.1 Suppressed Non-profit Development

As a government in exile, the KMT regime fabricated its "One China Principle" propaganda to legitimize its "economy and military first" policy and its imposition of

³¹ In 1977, Taiwan had a magistrate election where political elites outside the KMT were allowed to register as candidates. Citizens in the town of Chung-Li were angry about the KMT's electoral fraud and consequently a riot broke out with two citizens shot.

³² The Formosa Incident burst two years after the Chung-Li Incident when Formosa Magazine and opposition elites organized a demonstration in memory of Human Rights Day. A violent clash broke out between demonstrators and the police, with opposite leaders being arrested.

Martial Law. From 1945 to the late 1980s, the non-profit development was restrained as the State penetrated into all aspects of civil associational life (Gold, 1993). With the dominion of Martial Law and suspension of civil rights in 1949, the dictatorship froze the island in a state of emergency for decades. Requiring civil associations (especially the politically sensitive ones) to obtain permission for their meetings and forbidding them from networking with each other, the Department of Social Affairs under the Ministry of Interior (內政部社會司) was explicitly tasked to manipulate the Taiwanese society (Chan, 2001; Hsiao, 2006b).

The KMT regime strictly controlled non-profit activities and monopolized each level of the society, rendering civil associational life weak. It allowed only one association as the representative of a specific concern; in a specific geographic area only one civil association was permitted (Terao, 2002; Laliberte, 2004; Ho, 2006). Undoubtedly, a substantial civil society could not be developed and the non-profit activities operated at the government's discretion were not politics-oriented but instead for charitable reasons (Kau, 1996; Hsiao, 2006b; Duh, 2012). Although the rich or those who were politically-connected were allowed to establish foundations, there was little possibility for them to push the regime to be more responsive. As Ku (1999) observes, the government dealt with civil assembly and associations with precaution and authorization.

It nurtured pro-government groups but suppressed groups whose loyalty was in doubt.

3.2.2 The Era of Social Movement and Democratization (1980-1992)

The illusionary “One China Principle” propaganda was deflated at a fast pace because of the shrinking possibility to reclaim Mainland China and the series of diplomatic plights in the 1970s. After the regime was confronted by legitimacy crises internationally and domestically, the 1980s and early 1990s featured in social movement and democratization (Gold, 1993). In the early 1980s, social movement led by the middle class emerged to require the State shift its military and economic concerns to social and political issues such as civil rights, social welfare, and other injustices (Hsiao & Koo, 1997). Issues advocated were rooted in unmet demands that should have been tackled by civil associations. But as they were suppressed by the authoritarian dictatorship, problems remained unresolved within the system. Citizens’ collective action thus took the form of social movement and it led to the end of the authoritarian ruling and the coming of a more authentic civil society (Hsu & Song, 1990).

1992 was the watershed for three reasons. First, before the 1992 comprehensive re-election for parliament members, the KMT allowed only elections for supplementary

seats in the Legislative Yuan. This resulted in what was known as the “Non-re-election Congress”. Second, the lifting of Martial Law brought about the normalization of social order. At first social forces were in the form of street protests but gradually when organizational opportunities favored the form of institutionalized organizations, many groups participating in street protests were transformed into institutionalized NPOs after 1992. Third, these NPOs established after 1992 gradually kept a distance from the political parties, particularly the DPP with which they had previously formed strategic alliances for social reforms (Ku, 2005).

With the lifting of Martial Law in 1987 and the revision of the Civil Associations Act (hereinafter abbreviated as CAA) in 1989, the era witnessed prosperous social movement, the blossoming of non-profit development, and the launch of the DPP (Hsiao, 2004; Sun, 2009). First, the lifting of Martial Law in 1987 paved the path for more political freedom to be released. It marked a milestone to redefine the relation between the State and civil society. With the control over media being removed, citizens could have their voices heard on a mass scale; with the freedom of speech and establishment of civil associations being granted, the mobilization of citizens and articulation of their interests became possible.

Second, the revised CAA allowed for two or more civil associations in the same geographic area and of the same concern. Requirements to launch civil associations and invasive surveillance over them were both reduced³³. The previous version of CAA was manipulated by the KMT who was vigilant against the civil associational activities. It consolidated the KMT's party-state ruling and suppressed civil associational freedom. Before civil associations were granted more freedom, citizens with the same appeals could only be mobilized through social movement. In this transitional period, citizens' collective actions were mainly in the form of protests outside the system. Following government legislation in 1989, however, social movement was transformed from street protests into formal legal entities: NPOs. Though these could be considered as the KMT regime's political concessions to loosen its tight control over civil society (Hsiao, 1997), some scholars believe that the government still had under-the-table manipulation of civil associational life though the regime gradually released its control (Kuo, 1997).

Third, 1986 saw the launch of the DPP, the most important opposition party against the KMT. The relationship between the DPP and social movements was mutually reinforcing as one scholar observes:

Social welfare issues were of the public interests but social movement leaders need DPP's professional suggestion about how to mobilize followers and how

³³ Thirty citizens are required to initiate a civil association.

to interest media in a political language...social injustice concerns caused by the KMT regime's discriminative policy generated fertile ground for DPP's campaign to trigger more support from the public. (ES25)

Overall, the social movement legitimated the opposition party and the rise of the DPP further activated political liberalization for the civil society. Social movement activists and the DPP formed a strategic alliance to forcibly push the State through street protests. However, Fan (2004: 171) also reminds that there was still an intentional distance between them as social movement activists "were committed to self-organization both in appearance and in reality". As Fan (2004: 167) observes, the number of social protests increased remarkably from 143 in 1983 to 676 in 1987; and from 1986 to 1987 there was a 149% soar. Apparently Taiwan witnessed the coming of its more authentic civil society during this period. Consequently, social movement at this time, as summarized by Hsiao and Koo (1997: 321), had "served in this initial liberalization phase to demand greater autonomy and freedom from the State, opening in the process a political space for other social groups to mobilize as well."

3.2.3 The Blossoming of Non-profit Activities

Before the 1980s, the State retained tight control over civil associations. The figure of

civil associations increased from 229 in 1950 to 3960 in 1980, at a slow pace of annual average increase (Sun, 2009). However, after the 1980-1992 social movements era the figure soared tremendously (Duh, 2012). The opposition elites could challenge the KMT through the form of political parties and social forces striving for unmet demands could channel their capacity through NPOs because the revised CAA authorized institutionalized approaches for their appeals (Terao, 2002). Now citizens could freely, legally, and openly have their organized associational life. This paved the foundation of the non-profit sector as an indispensable part of the civil society. As Kuan (2009) observes, 61.1% of existing NPOs were founded after 1991 and among them 27.5% were initiated during 2001 and 2008. Overall, more organizational opportunities favoring the form of NPOs were generated in the 1990s as a consequence of democratization and social movement in the 1980s (Ku, 2005). NPOs' concerns also shifted "from charity to citizenship" (Wang, 2007: 53).

The revision of the CAA also reveals that the government changed its management of NPOs from surveillance to coaching and supervision after the lifting of Martial Law. Social forces were encouraged to register officially and this contributed to the mutual understanding between the State and NPOs. More specifically, diverse demands in a democratic society could be satisfied through civil assembly and associations (Ku, 2005).

In order to obtain recognition from the society and increase their public accountability, official registration as NPOs became necessary for these social forces (Duh, 2012).

Under the authoritarian ruling, street protests might harm legitimacy of the State which lacks public mandates. But when the profound constitutional reforms as the result of social movement era made it possible for Taiwan to hold its very first general parliamentary elections in 1992, followed by the first direct presidential election in 1996, the government managed to earn its political legitimacy through a series of political liberalization movements. While it became less possible for institutionalized NPOs to mobilize through protests, privatization of the government's welfare policy and communitization as the government's social empowerment principle also enabled NPOs to find more niches. The former granted resources with which NPOs could promote services matching their mission; the latter led to the upsurge of grassroots NPOs engaging in community development.

While the flourishing ecology of NPOs is explained through released political freedom, increasing institutionalized channels, and shrinking necessity of street protests, the next issue to be dealt with is why NPOs were willing and able to contract for welfare delivery services outsourced by the State and why this became a policy solution.

3.3 The Extension of Social Welfare Schemes

3.3.1 Limited Social Welfare Expenditure despite Dramatic Social and Demographic Changes

The transition from an agricultural to an industrial economy in the 1950s and 1960s was accompanied by dramatic social and demographic changes, among which population growth, urbanization, and poverty were the three major indicators (Kuan, 1994). Though these challenges and societal problems significantly generated public demands for the government's solutions, the dictatorship failed to improve its social welfare services. This was because the KMT regime, in line with its goal to reclaim Mainland China, spent the lion's share of its state budget on national defense and bolstering the loyalty of the State's agents (servicemen, civil servants, and teachers), leaving little for a more equal social welfare scheme. What is worse, the majority of its limited social welfare expenditure was devoted towards a selective and uneven social insurance program that benefited the State's agents. It demonstrated that social relief for the rest of the population was not considered paramount by the KMT.

The social security system reflected the regime's deliberate effort to secure the loyalty of those few deemed instrumentally vital to the regime's survival. Kuan (1994: 93) discloses the fact that the State's agents consumed almost all of the central government's social welfare expenditure. Public welfare funds were mainly spent in three areas: (a) public employee retirement, pension, and insurance; (b) veterans' living arrangements and their medical assistance; and (c) supplementary military-official-educator salary. Such arrangements continued till the early 1990s. It also reveals that though the KMT regime did show some rhetorical interest in social welfare provision, with an annual average increase at 26.6% for welfare expenditure from 1950 to 1979, less cohesive actions could be found to co-ordinate welfare programs (Ku, 1997). According to Kuan (1994: 112), the social welfare programs really implemented "were filled only with slogans and could not produce substantive help to the large needy population of the Taiwanese."

In comparison with the invisible social welfare issues, economy and military took priority for the regime. With the outbreak of the Korean War in 1950 and the USA's participation in the Vietnam War in 1964, the KMT regime managed to survive because of the USA's economic and military aids (Chu & Lin, 2001). Consequently, the regime launched its "economy and military first" policy whose success had ironically planted seeds of

prosperous non-profit development later because it had a profound influences on the fabric of socio-political context in Taiwan (Kuan, 1994). The “economy and military first” policy created conditions that fitted well with the statist model of non-profit development proposed by Salamon and Anheier (1997). For them, a statist regime is characterized by limited social welfare protection and constrained non-profit activities.

However, administrative omission was no more possible in the presence of effective challenges from the middle class while the State was no longer as strong after drifting into crises in the 1970s. The delegitimized KMT regime had no choice but to re-establish its political legitimacy through displaying its willingness and capacity to take care of the entire population. The regime’s sudden interest in the legislation of social welfare for the minority groups deemed essential to the regime’s survival was generally considered as the appeasement policy that mirrored an identifiable trend of legitimacy crises (Lin, 1994; Ko, 1995). Intrinsically, the series of reactions implied that the regime admitted “One China Principle” could no longer offer the base of its political legitimacy. Instead, its capacity to provide social welfare not only to selective groups but the entire population became fundamental to its legitimacy.

For example, shortly after the ROC was replaced by the PRC for its membership in the

UN, the Children's Welfare Act was promulgated in 1973. After the USA switched its recognition to the PRC, three major social welfare acts – Senior Citizens Welfare Act, Social Relief Act, and Welfare Act for the Disabled – were passed in 1980. The social welfare expenditure in 1981 increased by roughly 50% compared to that in 1980 (Lin, 2008). The proportion of social welfare expenditures in the Total Government Expenditures and Gross National Product hovered throughout the 1970s but surged tremendously after the 1980s, from around 10% to almost 16% and 2.1% to slightly more than 4% respectively (Kuan, 1994).

3.3.2 Changes of the Government's Role in the Welfare Delivery System

With the welfare state in crisis, deregulation and privatization became a feasible alternative in the 1970s. After that the 1980s witnessed the rise of welfare pluralism where the individual, family, community, commercial companies, and NPOs were all considered as prospective welfare providers. Among them, NPOs were highlighted to amend the inefficiency of the government's welfare delivery. In Taiwan, economic growth, urbanization, and industrialization brought about changes in the social and family structure. In response to family disorganization and in order to satisfy various care demands of the people, it did not make sense for the government with limited capacity to

be the only service provider (Lin, 2008).

With political and economic liberalization, the KMT regime was forced by mounting pressures to enlarge its social welfare services. Consequently the privatization of social welfare became a solution and the government encouraged NPOs to be engaged more in welfare delivery through outsourcing, entrusting, rewarding, and subsidization. With their hands-on experiences to work closely with the people, NPOs were supposed to have better understanding of people's diverse needs. More specifically, with their professional know-how and sufficient human resources, they were able to deliver welfare services which the government failed to offer. Collaborating with the government further generated more niches for NPOs' development – on the one hand resources received from the government helped to improve their services and advance their advantageous status in the welfare delivery spectrum; on the other hand, they also managed to secure their regulatory legitimacy by being incorporated into the welfare delivery system (Wu, Kau, & Wang, 2009).

The fact that NPOs benefitted from the government's outsourced welfare delivery schemes explained the blossoming of social welfare NPOs at this time. The "Plans for the Implementation of Social Welfare by Social Forces" (加強民間力量推展社會福利實施

計劃) enacted by the Ministry of Interior in 1983 opened a new era for the government to outsource welfare delivery; the “Regulations on the Work of Social Welfare Subsidies” (加強社會福利獎助作業要點) formulated in 1989 further granted regulatory legitimacy to social welfare NPOs whose efforts for unmet demands were channeled alternatively. Overall, with the diversification of welfare delivery, gradually the government changed its role. It was the buyer of services provided by NPOs; it encouraged NPOs’ participation in service delivery; it was supposed to assure service quality through appropriate M&E (Lin, 2008).

In sum, the statist policy explains the poor non-profit development and social welfare protection before the 1980s. The emergence of urban middle class added burden to the KMT which suffering from legitimacy crises in domestic and international political arena in the 1970s. Mounting pressure to release more political freedom and soaring demands for the improvement of social welfare schemes ultimately led to social movements and the emergence of NPOs. When the growing social forces placed demands on the State, the KMT tried to mitigate threats and broaden people’s support. Some movements terminated after receiving positive responses from the authorities concerned; some long-term impacts of historical legacies remained unresolved issues and continuously poured energy into NPOs’ development at a later stage because they were of civil

society's concerns (Chang & Ting, 2005).

Yet, a third striking case can be identified in NfE's evolution and this made Taiwanese NfE a unique case study. The shift in NfE's major concern from pension-themed campaign to little advocacy in security issues could be linked to the partially improved pension scheme facilitated by the State. However, after the incomprehensive progress in the pension system, ironically we can see NfE's little involvement in social security but instead focus on health and participation concerns of the elderly. Notably, the origin and emergence of these NfE are related to the middle class who is usually the founders or decision makers of NfE. Their evolution is to some extent shaped by the middle class's ideas concerning what demands of the elderly should be prioritized given the reciprocal effect of electoral politics and welfare policy. This is the next topic in this chapter.

3.4 Electoral Politics, Welfare Policy, and Evolution of the NfE

The transitional turmoil in the 1980s terminated in 1992 when the KMT regime facilitated the second legislative election. This was for the first time a comprehensive re-election at congress was held after the implementation of the ROC Constitution in 1947 and the first legislative election in 1948. As the achievement of previous social movements,

democracy in Taiwan also shifted to the next stage after the 1992 election – organizational opportunities for social movements in the form of street protests no longer existed and civil forces for unmet demands had to be channeled in another way (Ku, 2005). NPOs, an organized form of collective action that had been institutionalized by the KMT regime, thus became the feasible alternative for civil forces. But how did NPOs claiming to be the interest group for the elderly manage to survive in the new era with political liberalization and welfare reforms?

3.4.1 Welfare Policy under Electoral Politics

With civil associational freedom released, social forces were transformed from street protests to institutionalized organizations; with privatization and communitization as the mainstream of welfare policy, more niches were generated for social welfare NPOs. More specifically, electoral politics is a fundamental factor because it does not only shape welfare policy but also conditions development strategies available for NPOs. This section examines how democratic electoral politics and welfare policy jointly shaped the evolution of NfE. It reveals that the government and political parties have respective political agendas when dealing with population ageing issues. As the agent of the elderly who can vote, NfE may benefit from the competition among political parties. The DPP took advantage of electoral politics and implanted the pension issue into the national

public policy arena. Consequently the regime was forced to be more responsive to public demands for social welfare as observed by Wang (2000) and Wong (2003, 2005).

The electoral politics had enabled the DPP and NPOs to influence the public policy agenda in the 1990s and facilitated the introduction of progressive social issues into the political mainstream. Pension issues in the 1992 and 1993 elections are good examples illustrating the DPP-NPOs-State relation. As the electoral politics favored well-organized civil forces that can mobilize votes during elections, NPOs consequently adapted to democracy and rules of electoral games for the achievement of their social missions. According to the CAA, only political parties are entitled to partisanship, but in fact NPOs find it necessary to collaborate with the opposition party in their advocacy. When exploiting fragmented party politics to shape public policy agenda, NPOs tried to lobby the government and influence public opinion.

Pension issues were highly politicized in the 1992 and 1993 elections, and civil associations for the elderly were partially kidnapped by the DPP who dominated the discourse, leaving associations quite passive to receive what the DPP had to offer. But why were these associations willing to downgrade themselves? Wang (2000) offers his explanations based on the idea of social exchange. First, the DPP provided media

exposure for these associations whose concerns thus became well-known by the general public and cohesion was consolidated among the elderly. Second, with civil associations joining the advocacy, the campaign in return would not look that politicized, and this was a desired outcome for the DPP. However, the partnership between NPOs and the DPP changed after 2000, and this relates to another influence of electoral politics.

Electoral politics also conditions development strategies available for NPOs. Hsiao (2004) differentiates Taiwanese NPOs into two categories: advocacy-oriented and service-based NPOs. Before the DPP won the presidential election in 2000, the former gradually shifted their strategies from street protests to more moderate lobbying within the system while the latter started to receive supports from the government for service delivery. After 2000, however, some advocacy-oriented NPOs such as social welfare NPOs became disappointed with the DPP government. In comparison, relations between service-based NPOs and the government remained because of contracted welfare delivery packages.

Following Hsiao's analysis, one can realize that NfE in this study are unique because they are social welfare NPOs but currently they are not involved in advocacy as much as their predecessors were. Instead, they focus on welfare delivery outsourced by the government when privatization and communitization become the mainstream of welfare policy. They

used to mobilize the elderly, a group with visible political influences, through advocacy. But now it is transformed to substantial services as well as the promotion of health and participation needs of the elderly.

3.4.2 Evolution of the NfE

Before discussing NfE's strategies in response to challenges and opportunities in the institutional environment, it is necessary to draw a broad picture of NfE's evolution where three generations of NfE are recognized. According to Wang (2000), the NfE industry has witnessed different development stages and the pension issues in the 1993 election can be considered as the watershed.

Prototypes of the first generation before the social movement turmoil

Concerns for seniors' substantial needs are the gene characterizing NfE as this is an enduring feature from previous generations to the current one. Their prototype before the 1980s social movement, according to Wang (2000), included four kinds of civil associations serving the elderly:

- A. National elderly welfare associations (老人福利協進會)
- B. Associations for the elderly in each county (各縣市老人會)

C. Evergreen Clubs in each community (社區老人會)

D. Seniors' Colleges of the Presbyterian Church in Taiwan (台灣長老教會松年大學)

These four prototypes existing before the 1980s were the first generation NfE. The first two were active in politics while the other two paid more attention to practical issues such as leisure, recreation, and lifelong learning for the elderly. The first was created by the KMT regime as a model to express its concerns for the elderly but it only focused on those from Mainland China or working in the military, government, and education system³⁴. It was the only officially recognized association for the elderly before the 1980s but its political importance shrunk considerably following democratization and the “Taiwanization policy” proposed by Chiang Ching-Kuo in the 1980s (Tien, 1992). In comparison, the second that was composed of native Taiwanese political elites and middle class became more and more influential together with electoral politics since a friendly political environment towards native Taiwanese elites was created by the “Taiwanization” policy. It had more capacity to mobilize in electoral politics and functioned as the voting broker (Tien, 1992). Being politically oriented, the second was the main participatory actors mobilized by the DPP politicians in the 1993 pension lobbying (Wang, 2000).

³⁴ According to Johnson (1992), there is a huge overlapping between mainlanders and those working in the military, government, and education system.

In comparison to the first two prototypes, the third was civic associations where the elderly gathered spontaneously for their leisure activities³⁵. When they became more organized they were named as Evergreen Clubs. The fourth was launched by the Presbyterian Church in Taiwan, an entity famous for its emphasis on Taiwan subjectivity and independence. Yet its services for the elderly featured in non-politics activities such as education. During the social movement era and the culmination of the 1993 pension debates, however, the third and the fourth were not active since providing substantial services was their goal.

The second generation and the culmination of pension issues

Given the political opening offered by the State in a specific historical context during the social movement era, it became possible for social forces to take the form of NPOs. Consequently, more and more associations for the elderly in each county were registered as membership associations and other entities with serving the elderly as their mission were registered as foundations. Moreover, they were also the most active players in the culmination of the pension debates.

³⁵ Examples are casual gatherings of the elderly, for instance to play chess or enjoy KARAOKE in neighborhoods.

According to Fu (2000), the issue of elderly welfare subsidy was firstly proposed at the end of 1991 during the election of Parliament Representatives. The 1993 election dominated by pension issues marked the first wave for the State to listen seriously to voices of civil associations concerning the elderly. The DPP understood that pension issues could trigger the political power of the elderly and thus was to its own advantage. This stemmed from the institutional inequality from Chiang Kai-Shek's regime exiled to Taiwan in 1949. Veterans fleeing with Chiang Kai-Shek in the 1940s from Mainland China to Taiwan benefited from the average pension at \$15, 000 NTD per month, but there was nothing for native Taiwanese elderly who already lived in Taiwan during and after the Japanese colonial time. The DPP therefore portrayed native Taiwanese elderly as the disadvantaged to generate good materials for its own political agenda.

Through NfE's lobbying in the ten years, the Legislative Yuan finally established the Temporary Provision of Elderly Welfare Subsidy in May 2002 and the Act was then legalized and nationalized. In 2008, the pension system was advanced to the national level. Since then all the elderly in Taiwan started to have their pension and the way to describe the elderly was revised accordingly. "Active Ageing", with the image of healthier and happier elderly, is the new fashion. Though unequal pension schemes between mainland veterans and native Taiwanese elderly still existed, the situation

improved after 2002. Before the 1993 election when the pension issue was the core debate and thus attracted great attention from existing civil associations for the elderly, NfE's major function and services were polarized into either politics-oriented or de-politicised, such as leisure and recreation. Now that more convincing measures were taken up by the government to deal with pension gaps, these social forces changed their mission to the provision of substantial services instead of pension advocacy. It was under these circumstances that NfE founded after 1993 had different missions from their predecessors and are considered as the third generation in this study. It was exactly during this period that Taiwan witnessed the blossoming of NfE in harnessing the welfare needs of the elderly.

Overall, before the third generation NfE emerged in mid 1990s, civil forces for the elderly's right and interest had undergone two different periods. The first generation civil associations for the elderly witnessed an unequal treatment under which the mainlanders' elderly welfare associations had enjoyed much more support from the State since they only targeted those retired from the three kinds of occupations in the public sector. In other words, the more prosperous associations at that time were seemingly civil but literally subordinate to the State; they were not grass-rooted as they served only for a specific vested interest group instead of the general public. However, the mainlanders'

elderly welfare associations had rendered their political importance to native Taiwanese elderly associations because: (a) grievances against the KMT regime's discriminating social security scheme broke out together with the turmoil of social movements in the 1980s; (b) the "Taiwanization" policy was proposed by Chiang Ching-Kuo in the 1980s. As the mainlanders' elderly welfare associations were vassal to the KMT regime but the native Taiwanese elderly associations were real grassroots NPOs, a more mature and authentic civil society emerged in the Taiwanese society and the middle class functioned as one of the driving forces of civil society and welfare state in Taiwan.

Transformation of the second generation and emergence of the third generation

Having yielded to institutionalized approaches, organizational opportunities in the form of street protests no longer dominated the organizational field. Social movement activists therefore had to channel their energy in the form of NPOs. Now that civil associations for the elderly had achieved their mission of pension reform for the citizens, it was time to take stock and rebrand. Substantial services for the elderly became the focus of the emerging third generation NfE because they were of the elderly's key concerns and could legitimize NfE. Since Taiwanese civil society had become more mature after the 1980s and more civil associational freedom had been given by the State, it was no longer that easy for social movements to find their platform and mobilize followers in the Taiwanese

society. Instead, it was the form of organizations which became popularly accepted. Furthermore, as the pension issue had culminated in the 1993 election and since then more efforts had been taken by the government for the provision of a “not-so-unfair” pension scheme, it was time for the elderly’s interest groups to change direction and return to other substantial issues concerning the elderly. Health and participation, therefore, became the main concern for NfE launched after 1993.

After the culmination of pension issues, the second generation NfE had finished their periodic tasks since the KMT regime had followed their advice to provide an enlarged pension scheme. Some of them either dismissed or tried to re-position themselves in a new identity and new mission. But as political passion and pension issues could no longer mobilize the elderly and other stakeholders, the organizational field changed following a group of new players emerging after the 1993 as a hybrid of the three prototypes B, C, and D. They are similar to Evergreen Clubs highlighting substantial service rather than lobbying; they are not as associations for the elderly in each county that are politically oriented; their leisure and continuing education programs are mostly as organized as those of the Presbyterian Church, though theirs can also be flexible and casual. Except for associations created by the KMT for its patron-client agenda, the other three forms of civil associations for the elderly still exist today but they are no longer the leading

characters. Even the politically-oriented associations mobilized by the DPP in the 1993 pension debate still find a niche in electoral politics now, they are no longer involved in advocacy since their periodic tasks to oppose the dictatorship and strive for equal rights for the elderly have been partially achieved.

With resources channeled under the State's privatization and community-oriented policies, registration according to the Civil Code and CAA for the government's support is of great importance for NPOs founded as the achievement of social movement in the 1980s (Hsiao, 2006). Four core NfE in the study were all established after 1993 by the middle class and featured in the provision of "Active Ageing" programs, demonstrating that they are appropriate samples to represent the third generation NfE. Furthermore, contemporary NfE inherit from their predecessors distrust against the government but they pay less attention to advocacy. They replace their predecessors and dominate the current organizational field because their substantial services match demands of the elderly. The government's privatization and community-oriented policies also explain why contemporary NfE develop together with the CCCP, a policy concerning the elderly and community simultaneously.

3.4.3 Little Advocacy in Security Issues

After the 1993 pension issue, there have been no events with strong incentives to mobilize NfE's advocacy though gaps in the social security scheme still exist. Street protests are no more favored by NfE even though there are still imperfections in current policies concerning population ageing. In a book about Taiwanese social movement in the past twenty years edited by Ho and Lin (2011), a variety of NPOs with different appeals are included but NfE are missing. Being packaged exclusively based on the idea of "Active Ageing", substantial services defined by the CCCP receive much more attention from NfE as they meet the elderly's health and participation demands and are in compliance with the government's welfare delivery imagination. After the pension issue of 1993, the DPP government had indeed taken actions in the 2000s to alleviate complaints about injustice of KMT's pension scheme. But in terms of pension entitlements and long-term care packages, there is still a gap between veterans forced to flee Mainland China with Chiang Kai-Shek and native Taiwanese elderly born in Taiwan during and after the Japanese colonial time. Mainland veterans receive NTD 13,550 pension per calendar month while for native Taiwanese elderly it is NTD 7,000, around 50% of the former. Mainland veterans enjoy free long-term care package while an experimental long-term care system with charge is under construction for native Taiwanese elderly.

Given the gaps, why do contemporary NfE, the social force in the Taiwanese civil society, withdraw from lobbying that has long-term impacts on people's later life quality? To answer this question, we should review community-related policies in Taiwan whose national identity dispute is not yet settled. The activation of CCCP with community as the implementation unit also implies that current NfE's "Active Ageing" campaigns are inevitably modified by the government whose ageing policy and community policy are tightly coupled. Nowadays in the name of "Active Ageing", NfE still hold "participation" as one theme of their campaigns while health is introduced additionally as a new sub-theme when delivering CCCP. This is a breakthrough and supplement on top of the previous prototype. NfE's operation still features in social participation but health also has a place. This conforms to two out of the three pillars of WHO's "Active Ageing" and the government's initiatives concerning demands of the ageing society. However, security is never present in the CCCP and NfE's campaigns. Four reasons will be specified to explain NfE's little advocacy.

Reason 1: NfE are localized and made small

Under the CCCP, NfE are localized and they network with stakeholders at grassroots level. NfE are made small; the aforementioned political correctness in community

ecology is one example. If they have more interaction with peers, they could collectively mobilize the elderly in their jurisdiction for advocacy reason. But in reality it is not the case. NfE are constrained by the CCCP and tend to network with those helpful for the implementation of their projects in each community. They find it unnecessary to network with peers. As a result, de-mobilization weakens the involvement in advocacy for NfE at large. There is yet another impact of the incomplete “Active Ageing” campaigns where health and participation are emphasized but security is missing. NfE network with stakeholders relating to these two concerns, but such networking again brings structural inertia where NfE are kidnapped and find less incentives to network with those who are more advocacy-oriented. The advocacy capacity of the whole industry is thus weakened. When NfE accept and practice the comprised incomplete “Active Ageing”, stability of the whole system is secured as what the State desires and NfE are also satisfied because they acquire resources from the institutional environment and receive legitimacy from the technical environment. As an officer in social welfare explains, government’s attitude to NfE is one reason for NfE’s little advocacy.

Though we as the government authorize NPOs, we have and still we want to take responsibility for the elderly. So we decide what NPOs should and shouldn’t do. We’re the buyers, we decide. You as NPOs just listen like a good boy. (AG5)

Reason 2: Difficulty of advocacy

During the 1993 pension debate an umbrella organization, the Federation for the Welfare of the Elderly (hereinafter abbreviated as FWE) was founded in northern Taiwan as a platform for the civil forces involved (Wang, 2000). As difficulty of advocacy in the parliament was common, the FWE was created to focus only on lobbying while grassroots associations were supposed to support its advocacy. But eventually their division of labor was not as originally expected because of two follow-up developments. First, the FWE underwent a dramatic decline and lost its power to rally supporters soon after its foundation. Associations for the elderly in each county and township, rather than the national elderly welfare associations created by the KMT regime, were the major participants in the 1993 pension debate and they initiated the idea to form a platform. But there was a debate about whether “Taiwan” or “ROC” should be used as the title of this umbrella organization. “ROC” was eventually chosen and many associations for the elderly in each county immediately left the platform. Later, when service-oriented NfE emerged as the third generation, they focused only on services and had little identity with the FWE. They did not support the FWE’s lobbying, nor were they involved in advocacy themselves since that was far beyond their capacity). We could say that both previous and current NfE do not develop advocacy capacity. The former was passively mobilized by DPP politicians while the latter are not actively engaged in advocacy but mainly involved in service deliveries.

Reason 3: DPP as the unfamiliar acquaintance and KMT as the familiar

stranger

The third reason is about NPOs' distinction about their relations with KMT and DPP. Fu (2000), Wang (2000), and Lin (2000) all find that NPOs' alignments with political elites help to generate resources for NPOs. In the 1980s, NPOs' political elites were mainly from the DPP as they had mutual interest. At that time, NPOs were at their beginning stage and needed assistance from the DPP who was good at political language. DPP also needed to collaborate with social forces, either in the form of street protests or NPOs as organized civil forces, to strive for its political agenda.

Before the 1990s, the KMT regime's intervention was the main reason for NPOs' little involvement in advocacy. When the DPP was in power from 2000 to 2008, pension scheme for native Taiwanese and CCCP were both launched as the realization of DPP's election promise to the elderly and NPOs, its comrades in arms since the 1980s. Social forces found little niche in advocacy as their voices were transformed into tangible policies. Such transformation was also good for the DPP as it could divert NPOs' attention to service delivery rather than continuous discovery of problems, something that the DPP used to do together with NPOs when contesting against the KMT. The DPP was

well aware of its potential lethality against itself. In other words, by offering CCCP, the DPP government aimed to win over NPOs through conciliation and stabilize its governance. However, when the DPP was in power NPOs' relations both with the DPP and the KMT became difficult. With the former it was not as close as before while with the latter it was not improving either. NPOs realized that their previous close relationship with the DPP as a party in power was changed and that they had to rethink and balance their interaction with the two major political parties though their little interaction with the KMT remained the same. Some believed the DPP threw them away as they were of no more use for the DPP while others thought that they could never escape politics if they still want to do something for the elderly.

That's politics. Once he is in power, you're of no use and thrown away. The DPP is like the KMT, another dirty thing. (AH7)

After the DPP came into power, it changed its position and its brain. It forgot how it won power. It no longer thought for the people. (CH4)

In Wu's (2003) analysis, the DPP considered social movement as an extended battle to fight against KMT's dictatorship since the 1980s. Therefore when the DPP achieved its political agenda temporarily, it made sense for the DPP to reconsider its relation with NPOs. Moreover, NfE's different interaction with the DPP and KMT explains their contrasting interpretation about policies under the DPP and KMT regimes and their reasons to rationalize little advocacy.

The DPP has done its best to satisfy demands of the elderly. And it's the minority in the parliament. They shouldn't be blamed for what they've achieved. (DH3)

I don't mean the KMT has a hidden agenda to deprive our advocacy capacity. But I couldn't deny our little advocacy has nothing to do with what the KMT government has done after 2008. (AH3)

After the KMT came back in power in 2008, some of DPP's flagship policies such as the "Six-Star Project"³⁶ were discarded but CCCP, a sub-theme under the "Six-Star Project", was retained. Yet, there were more programs in the name of "Active Ageing" offered by other government agencies. Ideally NPOs should have been happy as they had more channels to access resources. But they also suffered from complicated administrative procedures and overloading paperwork for reimbursement. Under such circumstances, even though NfE tried to concentrate on service delivery, their energy and attention are already dispersed. NPOs were exhausted and thus less engaged in advocacy. The following feedback is highly relevant with politics attribution and is linked to their justification excuses for cross-subsidization, a topic to be further discussed in Chapter 4.

The KMT is not so stupid to let you make fire and burn itself. It won't allow you to advocate in pension or long-term care issues! (DH2)

The KMT asks native Taiwanese to accept its regime in exile, but KMT doesn't accept us as citizens of the same class as mainlanders....The DPP is disappointing, too. After eight years in power it couldn't change the status quo.

³⁶ In 2005 the DPP government launched its "Six-Star Project" to construct a better community life from six dimensions: industrial development, social welfare and medicine, securities and order, humanities and education, landscape, and environment protection and ecology.

Native Taiwanese are still second-class citizens. That's our destiny. (CH4)

The DPP is not to be blamed for those eight years. After all, the DPP was ruling the central government but the parliament was still dominated by the KMT³⁷. (AH4)

What matters is the underlying reasons why NfE develop these discourses. NfE's relationship with KMT and the unresolved ethnic complex offer further materials for NfE to rationalize their little advocacy.

Reason 4: KMT and ethnic complex

Since the 1980s when various social movements were recognized in Taiwan, NPOs have continuously distrusted the KMT regime especially in terms of the elderly's welfare. Given the fact that mainlanders still enjoy double the pension of native Taiwanese after the pension reform, grassroots NPOs for native Taiwanese elderly tend to keep a distance from the State (Wang, 2000). More specifically, the ethnic conflict triggered by the KMT-DPP election campaigns and culminated in the 2004 presidential election had splited the Taiwanese society. NfE tend to avoid any issues which provoke either mainlanders or native Taiwanese as the elderly receiving their services are from both backgrounds. Recently there is an advocacy for long-term care proposed by the FEW but it can no longer mobilize as many NPOs as it could in the 1993 pension issue. Since the

³⁷ DPP was in power in the central government from 2000 to 2008. However, during this period the percentages of the pan blue and pan green camps in the parliament were as follows: 66% against 34% in 1998, 57% against 43% in 2001, 56% against 44% in 2004.

government's long-term care scheme is still more favorable for veterans who are mainlanders, NPOs may run the risk of offending part of their followers if they are involved in related advocacy that can be highly politically sensitive.

Of course it's common sense for any government around the world to take good care of its soldiers fighting for the country. But the problem in Taiwan is, only those fighting for the KMT in Mainland China are considered as veterans and thus are treated differently. How about those born in the Japanese colonial time, went to war, and survived till now? Aren't they citizens of ROC? Don't they pay taxes? (ES10)

Yes single veterans living and dying alone in veterans' homes are really poor. They're the diaspora because they cannot say no to their destiny. They deserve our sympathy. But we're not asking the government not to treat them well. We just want a government which treatments all its people equally. (DH2)

Consequently, NfE concentrate on substantial service delivery concerning health and participation rather than advocacy, as the former is much more within their own control and make less trouble. An impressive real story is presented at the very beginning of the thesis. After NPO A's "Go! Grand Riders" campaign, a documentary was shot as the event was a huge success. In the documentary a mainland veteran was joking with a native Taiwanese elderly that they might have fought against each other in the battlefield for KMT's ROC and the Japanese Emperor respectively. With historical memories, differentiated welfare packages, and ethnic divisions all intertwined, it is far beyond NfE's capacity to cope. NfE's changed relationship with DPP also reminds them politics is necessary for their survival but they must keep a distance carefully. As a result, NfE are

involved more in service delivery rather than advocacy and politics-related lobbying, even though they are now in a civil society which their predecessors contributed to establish. Without concerns about security issues, the compromised incomplete “Active Ageing” under the CCCP is the savior for both the civil society and welfare state. For NfE as social forces of the civil society, security issues are beyond their capability and are neglected intentionally. For the welfare state whose welfare scheme is residual and based on occupation³⁸ rather than citizenship because of historical factors, security issues are considered as explosive since they are linked to unresolved ethnic issues and national identity.

3.4.4 “Active Ageing” as the Field Frame

With more NPOs and government agencies taking actions to address the elderly’s needs, “Active Ageing” is indeed a distinguishing field frame in such collective action. In the name of “Active Ageing”, NfE legitimize themselves with stakeholders’ support though their strategic responses to institutional environment are not necessarily legitimate if judged only according to formal regulations. When “Active Ageing” is conveyed by NfE to the elderly and becomes taken-for-granted, its economic and political implications

³⁸ Servicemen, civil servants, and teachers are the group whose pension scheme is different from that of the labours and farmers.

generate more possibilities for NfE within their institutional and technical environment.

However, security as the third pillar of “Active Ageing” ironically becomes a taboo though gaps in pension and long term care still exist³⁹. This is the predicament where NfE benefit from “Active Ageing” without advocating security-related issues.

After the 1993 pension issue, there have been no events with strong incentives to mobilize advocacy of NfE as a member in the civil society. Though recently there is an appeal to reform the long-term care system, the number of NfE involved is much less than that in the 1993 pension issue. Like other countries, there are differentiated welfare and pension schemes for veterans in Taiwan but here it can be easily linked to ethnic divergence and trigger social turmoil. Although “Active Ageing” is practiced in a biased way as NfE emphasize only health and participation, actors involved still make efforts to promote “Active Ageing” as failure to do so is the sum of their fears – without “Active Ageing” it is difficult for NfE to position themselves in a welfare system where democracy in transition meets population ageing. This demonstrates that “Active Ageing” is the endogenous field frame, which is “a component of discourse that can be altered as a direct or indirect result of political action” (Lounsbury, Ventresca, & Hirsch, 2003: 76-77).

³⁹ For example, the pension for native Taiwanese elderly is NTD 7,000 per calendar month, around ½ of that for mainland veterans at NTD 13,550 per calendar month. The former need to pay for their own long-term care while the latter receive a free package from the government.

The difference between the second and third generation NfE comes from variance in the corresponding field frame before and after the 1993 culmination of pension issue. By comparing current NfE's avoidance of security issues and previous NfE's pension-themed campaigns culminating in 1993, clearly field frames of the two differ. Moreover, before 1993 the institutional logics of civil society outpaced that of the welfare state whose legitimacy was in crisis. However, after twenty years of governmental discipline with security appeals partially achieved and intentionally ignored by the State who exhausts NfE by diverting their attention to health and participation, civil society partially renders itself to the welfare state especially in terms of civic consciousness.

3.5 Concluding Remarks

While population ageing creates a niche for NfE, the partnership between civil society and welfare state that cannot catch up with demands of an ageing society further generates a vacuum for NfE. Four NfE in this study were all established after 1993 by the middle class with a variety of visions but the same target – the elderly. Their stories are good cases to portray the third generation NfE. The middle class is the driving force of civil society and welfare state in Taiwan (Chen, 2002; Kuan, 2006). Kuan's (2006)

explanation is that the middle class generally has a higher socio-economic status that is helpful for NPOs to network and raise resources. As for NfE, Hsiao and Sun (2000) and Wang (2000) notice that before the social movement era in the 1980s, the middle class elderly had already run their own social clubs which featured in the provision of leisure activities. But in the 1980s these middle-class elderly started to accept the concept of social welfare and recognize the urgency of defending the minority elderly. Similar to Kuan (2006), Chen (2002) believes that such a management structure is useful for NPOs to construct their social capital and networks. Notably, founders of the four NfE in this study are a retired hospital superintendent, a veterinarian, a retired primary school teacher, and a retired businessman respectively, demonstrating again the important role of the middle class.

Findings reveal that the emergence of NfE in Taiwan can be understood in three ways, and each dimension is linked to the component concept of “political opportunities”.

According to McAdam, McCarthy, and Zald (1996: 27), the concept of “political opportunities” is composed of four elements:

- A. The relative openness or closure of the institutionalized political system.
- B. The stability or instability of that abroad set of elite alignments that typically undergird a polity.

C. The presence or absence of elite allies.

D. The State's capacity and propensity for repression.

With their forth criteria we can understand the NPOs-State relation in conjunction with population ageing and civil society; with their first criteria we can explain how the changed social security system due to the political and social transition before and after 1980s steered NfE's emergence; with their third criteria we can refer to NfE's construction of informal power relation with their stakeholders, including the changing relation between NPOs and the DPP before and after 2000 when the DPP came to power.

Firstly, both political and social changes transformed the Taiwanese welfare system.

Notably, the welfare state and civil society emerged in Taiwan almost simultaneously.

Before the third generation NfE emerged in mid 1990s, civil forces for elderly's rights and interests had undergone two periods. The first generation civil associations for the elderly witnessed an unequal treatment under which the mainlanders' elderly welfare associations had enjoyed much more support from the State. However, with the "Taiwanization" proposed by Chiang Ching-Kuo in the 1980s, the mainlanders' elderly welfare associations had rendered their political importance to native Taiwanese elderly associations. As the former are the vassal to the KMT regime but the latter are the real grassroots NPOs, a more authentic civil society had emerged in the Taiwanese society. As

can be seen in Appendix VI, the emergence and development of NfE in Taiwan would suggest to be linked to the pulse of the society as a whole. Since Taiwan witnessed the coming of its civil society and population ageing almost simultaneously, the main task of Chapter 3 is returning to a broader historical context so that NfE's evolutionary history can be better understood.

Secondly, the Taiwanese welfare system shaped the formation and transformation of NfE. Grievances against the KMT regime's discriminating social security scheme broke out together with the turmoil of social movements in the 1980s. When organizational opportunities were not in the form of street protests but instead institutionalized routes, social movement activists had to channel their energy in the form of NPOs. When the pension issue culminated in the 1993 election and the government made more efforts for the provision of a "not-so-unfair" pension scheme, NfE partially achieved their mission of pension reform and it was time for the elderly's interest groups to take stock and rebrand. Participation was never absent in NfE's campaign and the government's welfare imagination was mainly attached to health. While actions were taken to address pension issues, health and participation thus became the main concern for NfE established after 1993 because they were of the elderly's key concerns and could legitimize NfE.

Since Taiwanese civil society had grown up after the 1980s and more civil associational freedom had been given, it was no longer that easy for social movement activists to find their platform and mobilize followers. Instead, it was in the form of organizations and with the provision of substantial services that became popularly accepted. To wit, the organizational opportunities for the civil forces were at this moment in the form of organizations instead of street protests; the organizational opportunities for the elderly's interest groups also shifted from pension issues to other concerns of the elderly. The convergence of these two transformations has been embodied in the emergence and development of the third generation NfE – they are in the form of organizations and in pursuit of the elderly's health and participation concerns. This manifests the coming of a civil society and a welfare state in Taiwan. With political openness, NPOs witness a significant growth and their increasing importance in the promotion of the elderly's welfare.

Thirdly, by analyzing the blossoming of NfE during this period in terms of legislation and mobilization, our discussion links to the legal and regulatory framework elaborated in Chapter 2. Under the authoritarian regime in the transitional democracy, the legal and regulatory framework was problematic because it was more for formality than reality and may not have been completely practiced in real civil life. Indeed policies imposed on NfE

in the post-1993 era did influence their organizational behaviors, though some of them were deviant. While contemporary NfE inherit achievements and vigilance against the State from previous generations, they are also embedded in the institutional framework left as the legacy of previous achievements – whether they like the State or not, they need to interact with the bureaucracy.

However, strict rules and detailed regulations are just one side of the story because the State has loose control over NfE and there are regulative pitfalls. Some NfE may intentionally or unintentionally cross the boundary of regulations and develop various adaptation strategies to cope with institutions imposed on them. Consequently, NfE of various sizes and capacities can all exist and there is a balance without merger in the NfE industry. On one hand, they have to enter a questionable structure to serve the elderly; on the other hand, the institutional design induces their various strategic responses while also exhausting them and rendering their capacity for advocacy. If they are going to escape from the cage, their resources and legitimacy should be obtained elsewhere such as through their social networks and relations. Yet such embeddedness again brings both empowerment and limit. It is thus necessary to further investigate NfE's counterplots to cope with challenges and opportunities in the given environment. How do they behave in such a system where loosely-implemented strict rules and commonly-followed unwritten

norms co-exist? Do they benefit or suffer more from it? If in a vague system informal relations with political elites provide a short cut or bypass to achieve their goals, how do they manage to take advantage of the power configuration? And what if they fail to do so? In Chapters 5 and 6, the importance of informal power relations in a given structure will be examined to answer these questions.

Based on NfE's evolutionary history reviewed in Chapter 3, in the next chapter we can link NPOs-State relations to NfE's reactions toward their embedded institutional environment. After discussing in Chapter 3 the historical background and political situation where NfE come from, Chapter 4 will then investigate how the institutional environment shapes the third generation NfE and how they respond to their embedded context. Apparently, the availability of "political opportunities" plays an important role in NfE's emergence, and it also relates to the institutional meaning of CCCP, a topic to be further elaborated in Chapter 4.

Chapter 4 Influences of Embedded Institutional Environment on Taiwanese NfE during the post-1993 period

Before discussing NfE's interaction with the State and how institutional environment shapes their behavior, it is necessary to bear in mind the historical background and political situation where NfE come from. Chapter 3 elaborates the historical background for NfE before 1993. At that time the pension issue triggered opposition between the regime and social forces who made political appeals in the form of street protests. However, while the regime had taken measures to reform unequal pension schemes, pension issues could no longer powerfully mobilize the public. Moreover, the State's loosened restrictions on civil associational freedom transformed social forces into more institutionalized civil associations and these newly-established organizations were confronted with new challenges in the post-1993 era. Now that pension reform became possible and social forces took the form of NPOs, they must secure resources and legitimacy to sustain themselves based on other themes. Substantial programs such as "Active Ageing" turned out to be NfE's major concern as they were in the elderly's interest and could help NfE to obtain legitimacy and resources. To wit, for resources and

legitimacy, NfE were transformed by organizational opportunities after 1993.

As history-related issues have been addressed in answering the first research question, we are then going to investigate the influence of institutional environment on NfE and how they respond to their embedded context. Under the government's privatization policy, the State's resource allocation and regulation matter for NPOs and both are factors to modify the NPO-State relation. Though NPOs try to decrease their dependence on the government, their resource dependence on the State is still visible (Hsiao, 2004) because they had to think about revenue-generating and tackle financial difficulties. It is therefore necessary to start examining the institutional environment from the State's side. More specifically, as the CCCP is the most commonly practiced program by NfE and thus the most influential one, this study takes it as a specific institution to investigate how the institutional environment modifies NPOs. However, as NfE are not merely passive receivers of what institutional environment has to offer, this chapter also examines NfE's reaction as a consequence. Instead, NfE take efforts to find legitimacy for their existence. Pitfalls in the strict regulations and local government officers' various standards, tolerance, and considerations in the real implementation have ironically produced a vague institutional environment where NPOs find more spaces to operate alternatively. NfE of different scales and with various capabilities therefore manage to find their own niche and

benefit from their own adaptation strategies.

Chapter 4 deals with the influence of institutional environment on NfE and their responses as a consequence. While the resource dependency between NPOs and the State has been stated in Chapter 2, Chapter 4 elaborates NPOs' response to challenges and opportunities in their institutional environment. It presents the most prevalent policy, the CCCP, as well as NPOs' adaptation strategies. Consequently, NPOs maintain niche, recognition, and resources as opposed to their counterparts. This in itself is partially influenced by their embedded institutional environment, but is also highly relevant to their interaction with other entities. Chapter 5 will start from this point; it works as the bridge from the regulation and resource allocation at the state level to each NPO's respective activity at individual organization's level.

4.1 Institutional Analysis of the CCCP

4.1.1 Introduction of the CCCP

For NfE, the main policy of government's privatization is the CCCP launched by the Ministry of Interior in 2005 in an attempt to promote a healthy community where people

in the same neighborhood can help each other and the elderly living in the community rather than nursing homes are able to have social life with the care centers as the platform. With increasing demands for long-term care, challenges and opportunities brought about by population aging, as well as its potential social impact, have drawn the State's attention. In Taiwan, filial piety is emphasized with its Confucianism tradition, and "ageing at home" is still more popular than ageing in nursing homes or other care facilities. The implementation of CCCP, therefore, is considered by the State as important measures. Through community empowerment and community residents' participation, it is hoped that the care function of a community can be maximized with the implementation of the CCCP.

According to the Ministry of Interior (2005), the CCCP is composed of four pillars as follows:

A. Telephone calling, consultancy, and transferring services

Volunteers call the elderly and offer them consultancy in the morning and afternoon from Monday to Friday. When volunteers encounter problems with the elderly, they can transfer to social workers or other agencies accordingly.

B. Meal delivery

B1. For the elderly who live alone or have mobility problems, free lunches are delivered Monday to Friday.

B2. Occasional dining events are held with any elderly being invited.

C. Friendly visiting services

Taiwan has launched the formal services for the elderly living alone since 1998 (Hong, 2010). Among the services, friendly visiting is one of them, which improves social contacts of living-alone through volunteers' in-home visits. In the CCCP, friendly visiting services are not only applied to those who live alone but also to those who might need such services. General Practitioners are also involved.

D. Health Promotion events

On a weekday morning a health examination is available with professional General Practitioners and nurses involved. Sports and leisure activities, as well as other "Active Ageing" programs are implemented on a regular basis.

As can be seen from the aforementioned four pillars of CCCP, the government leaves some spaces for CCCP providers, especially in terms of frequency of services. It is believed that flexibility is kept for CCCP providers as both the government and CCCP providers recognize different communities and providers have various capacities. Moreover, those who are interested to run a CCCP should meet all the following criteria

before application:

- A. They should be registered as civil organizations which include community development associations. Village and borough offices can also apply.
- B. They must offer at least fifty square meters of indoor space for twenty to thirty elderly to do activities. Security (especially fire security), sanitation, good ventilation and lighting are all basic requirements.
- C. They should be administratively and financially healthy.
- D. The aforementioned criteria are set by central government; local governments are authorized to make regulations which do not conflict with the three and can adapt to their own local conditions well.

After the application, selection, and implementation of projects, CCCP providers can apply for reimbursement from the government. Prospective providers should raise funds independently at 30 % for facilities and 20% for maintenance and volunteers respectively per annum. The reimbursement standards are summarized as Table 4-1

Table 4-1 Reimbursement standards for CCCP providers

Facilities	NTD 100,000 to first-year start-ups	NTD 50,000 each year to previous	A maximum accumulated amount
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		providers	at NTD 400,000 to any providers.
Maintenance	NTD 10,000 per month for bills in gas, water, electricity, telephone, Internet...etc.	NTD 3,000 per year for public liability insurance.	NTD 10,000 per year for the elderly's transportation between their places to the events.
Volunteers' travel expenses	NTD 20,000 per year to providers evaluated as distinction.	NTD 25,000 per year to providers evaluated as excellent.	

Recent Taiwanese social welfare policy features in “community-oriented social welfare” where programs for the elderly have drawn the most attention. Moreover, voluntary services are favored because policy makers believe that volunteers can be the main human resources in the provision of community services. The administrative advantages and flexible implementation procedures are the main reasons why community development and empowerment thrive in a short time in Taiwan (Lai, 2000). The CCCP illustrates the State’s thought in this regard but its innate problems also lead to NPOs’ complaints. This section will first link the political background mentioned in Chapter 3 and the State’s position in the CCCP policy before presenting NPOs’ concerns about

CCCP's problems.

A variety of social movements in Taiwan in the 1980s have substantially influenced contemporary civil associational life. One feature of these social movements was the process of empowering the public in the debate of social justice and inequality. Such grassroots empowerment has become the core value and guided the decision making in public policies. Following this context of contemporary grassroots empowering movement, the CCCP as a social welfare policy can be considered as the State's response to issues of population ageing. With the increasing awareness of civil society inefficiency in community participation, the idea of "community-oriented social welfare" emerged. Promoting social welfare together with community development is generally believed feasible as it integrates formal and informal resources inside and outside the community to construct a welfare delivery system which is accessible for everyone. It also strengthens the effectiveness of the social welfare system. This is the fundamental idea of CCCP. As the embodiment of "community-oriented social welfare", CCCP has concrete regulations for providers to follow, but can it truly achieve its goals and do NfE use resources transferred by the government more efficiently? These are questions to be further investigated.

The four core NfE in this study are either direct CCCP providers or partners collaborating with direct CCCP providers. By reviewing CCCP policy and conducting fieldwork with grassroots NfE, this study examines the interaction between those who make policies and those who implement policies. Overall, NfE appreciate CCCP through which social welfare program could be localized along with the empowerment of each community so that its effect and efficiency can be maximized. However from interviews with CEOs and heads⁴⁰, we can summarize their concerns as follows:

A. Too much paperwork

Report generating and complicated reimbursement procedures are burdensome for NPOs who may eventually give up collaboration with the government.

B. Lack of autonomy under the strict regulations

Though Taiwan witnesses the coming of its civil society, NPOs still tend to keep a distance away from the government whose intervention in the civil society can be recognized through its strict regulations on NPOs.

C. Normative demands are created, but grassroots voices are not heard

NPOs' real demands are not studied but professional ideas from scholars and government officers are eventually adopted.

D. Different implementation standards under the same regulation requirements

⁴⁰ AH1, AH3, BH2, CH2, DH1, and DH2.

When local government implements CCCP programs based on the regulation set by the central government, from the investigation of NPOs' eligibility to M&E, different standards are found. This can be due to personnel change, magistrate's partisanship and political consideration for election.

Complaints of NfE's decision makers echo some problems of the community-oriented social welfare schemes as Lai (2000) has concluded. First, a common structural predicament faced by community works is the huge gap between formulation of institutions and actual implementation. Second, what matters more with respect to M&E of projects is regulating demands, rather than examining demands, and there are no objective standards to evaluate project providers. Consequently, programs cease working because of poor governance and lack of funding, community willingness and capacity.

To sum up, the initiative of CCCP stems from the idea of "community-oriented social welfare", which in itself is the grassroots empowering movement when "community development" was a hot topic in the 1990s. NfE benefit from CCCP for resources and financial support from the State, and CCCP also channels public resources to assist NPOs who are eligible to apply. However, CCCP's merits and drawbacks co-exist. Though investigation of eligibility is the government's measure to control the quality of welfare

delivery, it is also where real problems lie. Some NPOs with controversial issues or without eligibility avoid normal administrative procedures but still secure funding; NPOs may lose their autonomy or change themselves in order to follow the State's criteria about eligibility. But there is still positive side of the story. NPO A, with enough capabilities, finds it not necessary to entertain the government just for money; NPO B, though not as strong as NPO A, chooses to detour and find alternatives for its survival. These issues will be further discussed in Section 4.2. Before we start discussing NPOs' strategies to deal with challenges and opportunities in the institutional environment, we need to draw a broad picture of CCCP's institutional meaning on NfE.

4.1.2 Loose Control of the State due to Innate Pitfalls in the Regulations and

Bureaucratic Hierarchy

The State's loose control is verified through the shifting of responsibility among government agencies in NPO B's registration, NPO C's operation without registration, and NPO D's survival with financial problems. With political openness, social forces shifted from street protests to the form of organizations. Given the socio-political context and NfE's evolution, do these forces always officially register as civil associations or

juridical persons since they are from a background with distrust against the State? If yes, to what extent are they incorporated into the bureaucracy? If not, how do they survive in the system? For example, NPO C founded in 2000 did not officially register as a membership association until 2011. But before that it kept receiving government funding for project implementation. Moreover, though legislation is made as thorough as possible in civil law countries like Taiwan, there are still regulative pitfalls of which some NPOs can take advantage. Working on the front line and being aware of the reality, local civil servants are supposed to monitor NPOs and report to their supervisors. But this is ideal as constraints exist. Civil servants avoid getting involved in complications and they do not want to offend their supervisors whose preferences are well noted. How do innate pitfalls in the regulations and bureaucratic hierarchy jointly loosen the State's control?

Sometimes bureaucracy may be slower to cope with emerging challenges. In order to respond efficiently to problems confronted by society, NPOs find it not always necessary to tackle problems through the State. The legal position of NPO B in the government regulation system tells another story about how far the government falls behind. NPO B's story highlights one fundamental factor of the State's loose control – the departmentalism among different government agencies and some affairs are beyond the existing bureaucratic jurisdiction. NPO B's mission is to provide animal-assisted therapy to the

elderly but its new idea is far beyond the classification of existing administration. When applying to register as an NPO, NPO B was passed across three government agencies. Social welfare agencies thought NPO B should be referred to health or medical related agencies, but the latter believed that agencies concerning animal affairs should be the authority concerned.

We're asked to register under the Bureau of Animal and Plant Health Inspection and Quarantine [*hereinafter abbreviated as BAPHIQ*] because it's responsible for animal disease and pest control, as well as health inspection and quarantine. It's ridiculous but we only can follow. (BH1)

NPO B goes far beyond the bureaucracy's imagination. It cannot be found in any existing system; its registration process illustrates the seemingly rigid control of the State. As one founder recalls:

When coming back from USA to launch this NPO, I contacted relevant agencies such as the Department of Social Affairs and the Department of Health, but finally I was asked to contact the BAPHIQ under the Council of Agricultural Affairs! It has no choice but to accept our registration...Each agency wants to "pass the buck" because of serious departmentalism, but even within the same Department of Social Affairs officers had contrasting opinions. (BH3)

Another founder questions if appropriate M&E can be expected and adds:

These agencies don't try to solve problems but just let them be. They look like good gate keepers who are attentive to duties, but they're actually cowards as they're afraid to take responsibility. They discouraged our registration by saying: "If you want to do good things, just go for it, no need to register

officially⁴¹.” Claiming that it only knows our dogs but has no idea about what we do with dogs for the elderly, the BAPHIQ says: “That’s not our business.” (BH4)

NPO C did not register as a membership association in its first ten years. Though CEO C claims that such strategy is for its autonomy, his wife provides an alternative explanation:

Being integrated into the legal framework means we must provide an annual financial report, hold annual meeting for members, and submit minutes of the meeting... but it’s just for formality and is time-consuming. With our capacity we can only focus on service delivery. Now we have more staff [*their son and daughter*], we feel more confident to make the detailed financial report. In the old days it was just impossible. (CH2)

A journalist explains:

They’re always short of money. Recently the situation has worsened because its fundraising campaign wasn’t successful. They must face the reality and subscribe to the legal system that makes them eligible to issue receipts to donors and undertake outsourced projects from the government. But it can still do things without formal registration. NPO C manages to run government projects, either indirectly from other NPOs or directly collaborating with the government who is willing to negotiate. (CM4)

The last part of CM4’s statement denotes a very important and common feature of Taiwanese NPOs industry: quasi-subordination. As it is highly relevant to

⁴¹ According to the CAA, civil forces can either register as a foundation or a membership association as a juridical person. But for the latter an exception is allowed by the Regulations on the Work of Community Development which is also set by the Ministry of Interior (1991). A civil group can just register as an association, but not as a juridical person (Feng, 2009; Lin, 2009). The difference between an association who is a juridical person and not a juridical person is that the former is responsible for the Civil Code, has more rights and obligations, can open a bank account, can purchase properties, and is eligible to apply for more government projects compared to the latter (summary of interviews from government officers AG3, CG3, and DG4). This is a compromise between the State and the civil forces as before the CAA was enacted people already had their civil associational life but not necessarily in the form of a juridical person. Moreover, for those groups who even do not have capacity to register as an association, subordination under bigger organizations is an alternative solution.

inter-organizational interaction, more details will be further presented in Chapter 5. In the current Chapter 4, the registration issue is a good start point to explore the extent to which the State really controls NPOs. According to Meyer and Rowan (1977), institutionalization is a process in which organizations keep adopting commonly approved social facts from the institutional environment. Nevertheless, organizations are products of both the technical and institutional environment – the former requires organizations to be efficient while the latter highlights the importance of legitimacy (Scott & Meyer, 1983). The adoption of institutional norms is of little use from the effectiveness perspective, but is crucial for organizations to obtain recognition from the State, which in return further activates resource exchanges with the State and thus benefits NPOs. According to the CCCP regulation, only applications from registered NPOs are accepted. But for many years NPO C still managed to benefit indirectly from resources channeled by the CCCP. The situation changed since 2009 when it lost its political gambling and after suffering from financial difficulties for two years it decided to register in 2011.

In comparison, NPO B registered under the BAPHIQ – not of its first choice – for a different reason. Without registering as a foundation, NPO B has no status as a juridical person to formally interact with other entities and receive donations. But why does NPO

B not worry that registration under a specific government agency will influence its mission and operation? And why does NPO C not worry that it will be incorporated into the bureaucratic system and thus lose autonomy? If the State has strict control over NPOs and has standardized implementation of regulations, it could become an issue for NPOs B and C. However, because registration is one thing while operation is another, NPOs B and C know that registration is more for formality while the government's M&E is basically a bureaucratic exercise.

Overall, the State's loose control is due to: (a) those making the policy are usually not those implementing the policy; (b) those implementing the same policy have different standards and various interpretations about the same policy; (c) different government agencies may shift responsibility because of departmentalism. As a result, NfE may choose to be inscribed with institutions which have comparative advantage as North (1990) describes. In other words, NfE are willing to sacrifice for something else in return. However, loose control from the State does not always bring negative outcomes. Instead, it generates a social space for NPOs' freedom in a civil society where their diverse actions can be legitimized.

NPOs C and D's financial issues overstep the bottom line and they abuse their

institutional environment. The fact that NPOs C and D still survive and even receive funding when their negative issues were disclosed demonstrates loose control of the State. It reveals pitfalls in the regulations and problems in the bureaucratic hierarchy. Is there appropriate M&E facilitated by the government to ensure quality of welfare delivery?

Another civil servant provides her perspective:

I'm like a sandwich between NPO D and my boss [*the town mayor*], and my boss's boss [*the county magistrate*]. I report to my boss what's going on in NPO D, but it's up to him to decide what to do next...we must find someone to undertake our outsourced projects otherwise next year we'll have difficulties in our budget plan. (DG2)

A journalist vividly describes:

Politicians like to accumulate merits in their tenure of office. "Better less than more" and "The more you work the more mistakes you make" are principles for civil servants working under politicians. Nobody wants to oppose the salary so civil servants usually choose to be "yes men" and tend to turn a blind eye. If something were to go wrong, they would also be held responsible and could risk losing their annual bonus⁴². (AM1)⁴³

A professor working with NPO D even uses "balance of terror" to describe what happens between NPO D and the government, as well as how CEO D0 plays between bureaucratic

⁴² If nothing wrong happens in a calendar year, government officers evaluated as the first level earn one and half month of salary as year-end bonus and another one and half month of salary as performance evaluation result bonus before the Chinese New Year; those graded as the second level due to their mistakes in a year earn half month of salary as year-end bonus and another half month of salary as performance evaluation result bonus; those evaluated as the third level receive half month of salary as year-end bonus. When one officer is graded as the third level continuously in three consecutive years, he/she is automatically fired.

⁴³ AM1 is introduced by CEO A so she is named as "AM1". But her insights are valuable and can explain other NPOs' stories.

politics and election games:

It's symbiosis. CEO D0 has good sociability and the district warden and county magistrate like his NPO because they're looking for good models as their achievements. Front-line civil servants know the reality but what can they do? Do you want to fight for justice but lose your job or bonus? NPOs also know that something wrong disclosed is harmful not only to themselves but also to politicians and civil servants. Local governments need someone to deliver services and digest budgets. So it's a balance of terror. (ES4)

Given the State's loose control, some NfE are willing to take risks if they can absorb immediate costs and remove the initial hurdle of their alternative behavior. Furthermore, immediate costs may be a less challenging obstacle when long-term benefits are also considered. How do pitfalls in the regulations and the State's loose control jointly shape NfE's organizational behavior? Why does the CCCP, with its community-oriented social welfare, experience unexpected problems? Or are these problems intrinsic defects of privatization? Overall, it can be summarized that CCCP's inappropriate institutional design leaves space for NfE who are not internally institutionalized to explore further alternative opportunities⁴⁴. With privatization policy, the government outsources welfare delivery to those entitled and avoids administrative burdens. The government is supposed to do M&E but it is mainly an administrative process. NPOs C and D's behavior echoes Starr's (1989: 18) insights about privatization – “A shift of individual involvements from

⁴⁴ Chapter 5 will compare NPOs A and B against NPOs C and D in this regard.

the whole to the part – that is, from public action to private concerns”. From civic concern to the pursuit of self-interest, NPOs C and D are transformed when they become involved in the privatization of social welfare. When claiming that their welfare delivery is for public benefit, they cannot thoroughly avoid questions about their hidden agenda and appropriation issues.

Starr (1989) also notices appropriation as another feature of privatization and it is at this level that the debate of public policy joins with privatization issues. Privatization is, for Starr (1989: 18), “a withdrawal from the state” and “of assets, (social) functions, indeed entire institutions”. NPOs C and D’s taking advantage of regulative pitfalls crystallizes the State’s loose control over NPOs since M&E is poorly implemented. The institutional environment turns into a corruption-prone structure where NPOs may not need to worry too much about their inappropriate behavior. According to Johnson (1987: 54), welfare pluralism denotes “a reduction or reversal of the state’s dominance in welfare provision and an increase in the role of the informal, voluntary, and commercial sectors.” In Johnson’s classification, the government, the private sector, and the non-profits ideally have their respective roles in the welfare pluralism but it is not always the case in this study. Details will be further discussed in Chapters 5 and 6.

When a good M&E is not facilitated, NfE find it possible to take advantage of regulative pitfalls; when civil servants choose to bury their heads in the sand and consider privatization as a means to reduce their workload, problems of privatization emerge. Since government officers may not be willing to, or not allowed to conduct an authentic M&E, privatization means only contracting with NPOs and ignoring consequences afterwards.

4.1.3 Loose Coupling of NfE's Actions and Cross-subsidization

Loose coupling of NfE's actions is in two forms: NfE promise one thing but do not realize it or do something else; NfE take advantage of the material side of regulations but selectively practice the normative side. A concrete example of NfE's actions loose coupling with formal rules is cross-subsidization tactics when they maximize benefits by incorporating as many projects as possible. "One fish more dishes" is usually the jargon when cross-subsidization is referred by actors involved. Contradiction between the technical and institutional environment explains the loose coupling between the formal structure and actual actions. According to Weick (1974 and 1982), a loose coupling system features in conditions where administrative managers are in charge of symbolic environment and technical activities are left for those in the frontline. In other words,

decisions are made at the administrators' level while technical activities are done elsewhere. However, the existing concept of loose coupling does not specify the role and influence of civil servants who are the bridge between bureaucratic chief executives and NfE. In fact, they play an important role in the making and consolidation of a loose coupling system.

NPO B suffers from a confusing registration process while NPO C's attitude toward registration is changed from no to yes. Yet NPO D has another story: from yes to no. Influences of civil servants can be recognized in these loose coupling cases. Dramatically NPO D cut its relation with the government completely after internal personnel turbulence, demonstrating that NPOs can survive without the government. But why did the government still favor NPO D when its financial problem was disclosed by its internal opposition camp which became the ruling party later? Answers of CEO D1 (NPO D's current CEO) match those of a government officer.

Civil servants are afraid of any incidents. So if nothing serious happens or if we don't have strong evidence to prove the corruption of CEO D0 [*NPO D's previous CEO*], then nothing changes. After all, their salary is fixed, the more investigation they do, the more trouble there might be, and this threatens their performance-based appraisal bonus. (DH1)

When the current management team reports to me, ideally I should do something but I couldn't. Why? First, there's no strong evidence. Second, I must follow my supervisors' request. CEO D0 is good at networking and many

executives at higher levels like him. We need NPO D to showcase our achievement, and it helps to digest our budget! If I have some projects which no NPOs apply to, I call him first because he can transform what he's doing in a fantastic rhetoric according to the nature of different projects. (DG1)

A journalist bridging the local government and NPO D explains what NPO D can and cannot do in the regulative pitfalls:

M&E and the actual implementation are separate. Appropriation is not allowed but some still do tricky things. For example, NPOs cannot use grants for their daily operation, but they're allowed to buy stationery. Giving stationery shop owners commission at around 5% to 10%, it's easy to generate fake receipts. Or, NPOs can buy furniture from stationery shops by giving cash to shop owners so that furniture can be purchased in the name of stationery. Also, an inflated figure in the report such as numbers of volunteers and the elderly participated generates extra income. (DM1)

Though DM1 sympathizes CEO D0, she admits that CEO D0 has tried to make the most use of regulative pitfalls. CEO D1's decision to thoroughly cut interaction with outsiders proves CEO D0's controversial loose coupling behavior has serious impacts on NPO D.

His cash flow isn't transparent. Maybe he cannot remember what he's got and how he's spent it ... In the long run, we don't rule out support from outside. But at this moment, we must pause and think about what we really need, and have a feasible plan about how to use money from outside in a transparent way. (DH1)

He's good at networking with outsiders and this brings money into the community. But if the money is misused, people outside our community get a bad impression of us. The best way to recover is to keep away from outsiders, depend on ourselves, and then retrieve. (DH3⁴⁵)

⁴⁵ In the new management team of NPO D, CH3 is in charge of general affairs while he has his own Chinese herbal medicine business in town.

But is it only NPOs who play tricks? A commercial partner of NPO C unmasks the corruption-prone structure:

Bad examples set by leaders at higher level are followed by subordinates. If you ask me whether those things [*fake receipts and bypass purchase...etc.*] really happen, I can tell you not only are NPOs to be blamed. I'm usually asked to produce fake receipts for civil servants. It's an open secret – the government staff do it and everybody knows it – why should NPOs be expected to behave differently? (CC3)

NPO D's rejection of outside support is an extreme consequence of loose coupling and cross-subsidization. Our discussion will now move to cross-subsidization, a concrete example of loose coupling and a popular practice for NfE in this study.

Cross-subsidization

CCCP as the major program which NfE are running for the government does not grant enough money but there are other government funding sources available. To survive, NfE eventually develop “one fish more dishes” or cross-subsidization tactics to maximize their use of resources. For example, NPOs use source One's subsidy designated for a specific purpose to cover expenditures incurred by another project in compliance with source Two if funding from source Two is not enough. NfE's four techniques of cross-subsidization can be summarized as follows:

- A. copy and paste: figures and photos are much favored by civil servants and easier to be copied and understood in a report.
- B. from zero to something: fake events are created with fake signatures of the elderly while fake receipts are generated or bought.
- C. format matters: skillful grafting with data keyed in and report generated. The report is consistent with fixed format required by the government.
- D. results manipulated: flexible altering after M&E in order to pass. Data can be arbitrarily revised so that results are made to match the government's expectation.

CEO C and his wife mix public funding and their private expenditure in the same pool. For example, they drive their cars for personal and family purposes as well as for service delivery. They usually have free meals in the name of "public service" because they can apply for reimbursement. While they claim that they devote all their time to their philanthropic engagement, it becomes difficult to identify which action is more for private life or public engagement. When answering accountancy questions, CEO C's wife replied:

We don't make profits but instead put our own money in this philanthropic work. We even borrow money from friends. I feel sorry when anyone says it's corruption...if a government officer wants to audit, I'm afraid it's impossible. It's not because I want to hide anything, but since we've put our own money into service delivery for long, where do you audit from? It's all in a mess now.

(CH2)

Professor ES2 who used to work with NPO C offers her insights after confirming confidentiality.

The tricky thing is that they apply for many government-outsourced projects and mix all subsidies in a pool. They cross use subsidies from different projects. They run “Moonlight Angel” where children study in their offices till parents finish work. They recruit volunteer elderly to take care of children and they’re supposed to provide dinner. They do offer children food but not as much as claimed on receipts. They generate fake receipts to secure income from “Moonlight Angel” and then compensate their deficits in other projects such as CCCP. (ES2)

By community empowerment, it is hoped that NPOs receiving CCCP reimbursement can gradually mature and finally sustain themselves without depending on the State. But ironically such institutional arrangements constrain NPOs from sustainable development. For instance, the NTD 10,000 subsidy for seniors’ transportation is insufficient. NPOs’ resultant response is to divert pertinent expenditure to other categories. But when they have other expenditures in other categories, they must divert again. The poor financial arrangement of NPO C as well as NPO D’s suffering from huge personnel changes consequently illustrate the counter effects of CCCP’s subsidy policy.

Reasons leading to cross-subsidization

One reason for cross-subsidization is that the CCCP does not grant enough for NfE’s

operation. Instead, the CCCP has strict accounting rules and objective statements, just as other government-funded projects. As other funding opportunities are offered by different government agencies who do not communicate frequently, a loophole is thus generated.

If the policy itself is not feasible, why can't we take action to revitalize it? Only NTD 10,000 per month are given for bills and another NTD 10,000 for seniors' transportation. Obviously it's not enough. I must run different projects for different government agencies simultaneously and if necessary, I cross use money. (CH2)

As noticed by the magistrate's secretary:

They don't always use subsidies in compliance with terms and conditions. Things become complicated when they put their own money in. I'm aware of it and ethically I should have reported to my county magistrate. But it's just for his reference because he makes final decision...after all, in our county NPO C is good at mobilizing the local elderly. (CG2)

It is also necessary to emphasize the role of scholars and experts in NfE's cross-subsidization. Experts and scholars contribute their profession in well-written reports which are highlighted as the reimbursement criteria. Compared to the actual implementation, end of term reports and other paperwork for administrative purposes receive more attention from civil servants. In some counties CCCP is offered in the form of granting but in some it is in the form of bidding where experts and scholars are invited to work as referees. On one hand they help NPOs to write or revise proposals and reports, on the other hand they are referees to select which NPOs to receive funding. With them as

brokers, NPOs worry less about cross-subsidization since format rather than content matters more in M&E. The division of labor is that NPOs are supposed to facilitate implementation while experts and scholars are involved in proposals, M&E, and reports.

One professor explains the mutual help among colleagues:

If this time I help an NfE to write a proposal, I won't be the referee. But my colleagues who are referees can select the NfE helped by me. Even with anonymous policy it's easy to do so. This time you help me, next time I help you. (ES11)

Another expert discloses the condition under which government agencies work with experts.

Biddings are open for all on the surface but chief executives of the authorities concerned already decide the winner. Ideally bidding results are decided by a committee but ironically committee members are selected by chief executives. These selected experts regard chief executives as the hosts and follow their ideas. Who wants to offend the host and lose the opportunities as referees? (ES12)

A journalist vividly discloses experts' hidden agenda:

If a professor is not the referee, he/she becomes of no use for NPOs. In our jargon, we call them "academic cockroaches" who take advantage of both the government and NPOs. (DM5)

Overall, cross-subsidization represents NfE's actions loose coupling with institutions. As observed by Orton and Weick (1990), loose coupling is not only a strategic process but

also a situated system one. If we check NfE’s excuses for cross-subsidization, it becomes clear that loose coupling is deeply rooted in the historical background and socio-political contexts.

Excuses of cross-subsidization

Excuses used by NfE and their stakeholders to justify cross-subsidization are summarized in Table 4-2 and categorized into three categories – their anti-bureaucracy excuses are discursive, those excuses against the KMT and ROC are sarcastic, and those excuses for the elderly are rhetoric.

Table 4-2 NfE’s excuses of cross-subsidization

Anti bureaucracy	
	Can you cut an elderly into five pieces for five government-sponsored projects? There should be a better horizontal dialogue among government agencies. I would say NPOs are helping to foster a better conversation, mend the gap, integrate resources, and make the most use of people’s taxes. (ES16)
	These NfE, with those suffering from the injustice in dictatorship and transitional democratic Taiwan, can always find reasons to justify themselves. (ES18)
	How can we survive without cross using subsidiaries under this kind of impractical regulations? (AH3)
Anti KMT and ROC	
	Taiwan is KMT’s hotel. They just want to go back to China and never really care about us. So why bother to follow regulations made by a regime in exile? (CN4)
	It’s impossible to follow the ROC laws. Laws are enforced selectively. Why should we always follow? (BH1)
	KMT’s regulations are not to protect human rights but to induce people to break the law. (BN13)
	ROC is a colonial regime and KMT only cares about mainlanders. Why not cross use if not enough is given to native Taiwanese? (AN1)
	I’ll never mix and take advantage of government money as long as I get a very small proportion of KMT’s properties. (DH2)
For the elderly	

	The government wants us to do things but it doesn't give enough. Yet we apply to different government agencies as long as they've something for the elderly. (AH7)
	Admittedly we're not doing things one hundred percent correctly but we do it for the elderly and the next generation. (CH4)

These excuses concern problems of civil society and welfare state while also relate to shared difficulties of democratization in transition and privatization under Neoliberalism reform. Actors, from NfE to government agencies, operate in the political structure. Their actions are shaped by the unequal power relation within the legal framework. When analyzing the political economy of the voluntary sector, Dollery and Wallis (2003) contend that NPOs sometimes have to run some programs not of their core value so that they can generate revenues, cross-subsidize, and deliver services of their core value. This is true for NfE in this study. They are mainly, but not only, involved in seniors' affairs under the privatization policy. They are also engaged in the community projects which cover other minority groups such as women and children.

Cross-subsidization is a win-win for the government and NfE – civil servants working under politicians turn a blind eye in the hope that politicians accumulate chips for future campaigns; NfE survive by maximizing resources squeezed from various sources. Compared to NPOs C and D, NPOs A and B are much more internally institutionalized and spend less energy in taking advantage of the State's loose control and the regulative pitfalls. While CCCP channels resources from the public sector to the non-profit sector, it

also has strict rules upon NPOs. Strict rules should not be a problem but the real challenge is that rules are formulated by the central government but implemented poorly or controversially by different local governments with various standards. Consequently, NfE's real operation loose coupling with regulations is easily identified and it crystallizes the institution's limited influences on NfE. They may have reports made only for M&E but are left untouched most of the time. Given all these unresolved problems, obviously the organizational field is dis-organized. Though NfE's consequential legitimacy is held as they still deliver CCCP, their procedural legitimacy is questioned. More specifically, personal legitimacy of some NfE leaders is also destroyed. How can the organizational field be re-established? How do NfE manage to maintain or repair their legitimacy? These are issues to be discussed in Section 4.2.

4.1.4 Problems Remain Unresolved because of Structural Inertia where NfE are the

Required Agents

NfE as agents of the elderly, government, and stakeholders

The institutional analysis of CCCP reveals that it transforms NfE into agents of the elderly, State, and other stakeholders. It benefits NfE in three ways: (a) NfE as sellers of the

welfare state's outsourced packages to realize official concerns; (b) NfE as gatekeepers through whom those with commercial agenda can access the silver market; and (c) NfE as agents of the elderly who as individuals find it difficult to detour NfE for benefits brought about by the government and private sector in the institutionalized society⁴⁶. Hence, NfE are the required agents and problems remain unresolved because of such structural inertia.

Firstly, NfE are agents of the government agencies whose welfare privatization policy generates a platform for NfE to take resources as well as responsibilities. The State, on the contrary, shirks its responsibilities whilst it is supposed to not only rely on but also monitor NfE. Consequently NfE become the required agents receiving government resources and providing services. With formalized M&E, the government reacts to NfE's deviation passively and ambivalently⁴⁷. Such equilibrium is derived from institutional arrangements under which NfE are agents of the elderly and dominate an advantageous position in the government's welfare delivery system, which in return transforms NfE into agents of stakeholders, ranging from other NPOs⁴⁸ to those with commercial agenda.

⁴⁶ Though there are opportunities for the elderly to directly enjoy services from the government and purchase products offered by companies, for efficiency reason the government prefers a whole package outsourced to the NfE and for economies of scale companies normally have discount or special promotion to groups.

⁴⁷ NPOs can be excluded because of political incorrectness and internal turbulence rather than financial scandals.

⁴⁸ To specify, NPOs here are those whose targets are not exclusively the elderly. Grassroots community development associations are the major cases. NfE do not interact with peers in this study.

Secondly, NfE's being gatekeepers for stakeholders to access the elderly in their constituencies leads to power inequality in the networking configuration. Partners are not the only choice for NfE who, as the specialists in population ageing and securing the elderly's loyal support, are the only choice for partners in many cases. Such unequal mutual needs have impacts on their structural and relational social capital. This will be further specified in Chapters 5 and 6. Clearly, recognition or identification from NfE's networks helps to secure their legitimacy because networking with stakeholders is necessary for NfE's market segmentation and it helps to promote NfE's innovations which are eventually adopted by the government. Moreover, even within the NPOs arena some are agents of others. The more developed NPOs are agents for those less advanced since the former, with their professional know-how, can help funding application and report writing for the latter. Quasi-subordination becomes popular because some are good at proposal writing while others have local knowledge of substantial service delivery. More discussions will be presented in Chapter 5. Overall, as the premise for NfE to be agents of the government and other stakeholders is that NfE exist to serve the elderly, our discussion now turns to the fact that NfE are agents of the elderly.

Thirdly, being agents of the elderly grants legitimacy to NfE though not automatically.

Instead, prevalence and institutionalization of their innovations are the key and three criteria are necessary: (a) stakeholders' involvement; (b) the elderly's support; (c) the government's adoption. Moreover, structural factor also relates to NfE's legitimacy. Each NfE has its own specialty⁴⁹ and is the agent of the elderly in different geographic areas, other competitors thus take more efforts to penetrate an NfE's jurisdiction. Since each NfE has consolidated its own network to realize its project, breaking through existing networking structure is difficult but securing respective legitimacy is the by-product.

It is possible for NfE to collaborate with the State when they are willing to compromise and in return receive regulatory legitimacy after registration and access resources during program implementation. By encouraging community engagement without personnel expenditures in CCCP's subsidy policy, volunteering is the ideal of CCCP. However, NfE find it hard to deliver services only through volunteers. As CEO A analyzes:

The government wants to save money and believes that serving the elderly is not a professional job, but it's wrong. Do you really think that volunteers can do everything? In order to deliver professional services, we must hire professionals, but we cannot expect government support. (AH1)

NfE have no choice but to follow the bureaucracy. They try to secure stable volunteering

⁴⁹ NPO A masters in research and development (hereinafter abbreviated as R&D) of innovative projects, NPO B features in therapeutic recreation, NPO C is good at performing activities, and NPO D is famous for its "gardening, eating, and learning together" campaign.

and maximize impacts with limited professionals. Why are NfE willing to compromise and accept the State's terms and conditions in the asymmetrical power relations? Though quality of their services is sacrificed to some extent because of limited resources and unstable volunteers, NfE still receive government support and manage to find their own niche as opposed to counterparts by running CCCP. According to Scott and Meyer (1983: 140), "institutional sectors are characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy from the environment." NfE's compromise illustrates the fact that environment can shape organizations' decision through legitimation. However, recognition is not only a top-down from the State to NfE but also a bottom-up from the elderly and stakeholders to NfE. Being qualified by the State to run CCCP is the first threshold, and NfE manage to get support from beneficiaries during service delivery. In Scott's (1991: 170) term, legitimation of means works at the registration stage while legitimation of ends from stakeholders and the elderly generates legitimacy for the rest of NfE's operation. Legitimation of means generates regulatory and categorical legitimacy for NfE, and legitimation of ends grants pragmatic legitimacy.

NPOs A, C, and D all work directly with the State but NPO B has a different story because of its registration difficulty. One BAPHIQ officer shows her sympathy about

NPO B's registration difficulty and provides an accurate observation about its survival strategy:

NPO B recruits dogs and their owners as volunteers and sometimes homeless dogs on the street are selected. It's for us a great news and we're happy to promote NPO B's idea....What they really spend is the salary of professionals training dogs as "dog doctors", and at the same time they charge NPOs or nursing homes which need their services. (BG1)

However, its deputy-secretary admits that it should calculate carefully all kinds of comparative institutional advantages, from registration to volunteer mobilization and business development.

All our dog doctors are volunteers. It's not compulsory for their owners to volunteer for us. We can only encourage and motivate them...In the northern, central, and southern Taiwan we now have branches, and they're governed by dog owners' clubs. We're satisfied with our status quo as we know we're small but with a unique vision. (BH2)

Three implications can be concluded from the fact that NfE are agents of the elderly, government, and other stakeholders. First, Neoliberalism institutional logics of the welfare state with privatization policy influences NfE by manipulation of resources. The resource flow is from the government, first to agents of the upper layer, then to grassroots or less developed NPOs of the lower layer, and finally to the elderly. Second, with more NfE and government agencies taking actions to address seniors' needs, "Active Ageing" is indeed a distinguishing field frame in the collective action where more possibilities are

generated for NfE. Third, while legitimacy granted by institutions is questioned because of unresolved problems, social networks and relations become the alternative to grant legitimacy. This makes it possible for NfE to conversely shape the institutional environment. By examining NfE as the agents, we can recognize their position in the resource deployment system, which paves the foundation for NfE's bottom-up reaction. NfE's initiated innovations adopted by the State further demonstrate such reversible influence and this will be discussed later in this chapter. The governing kinetics is polarized into two dimensions – the vertical one is a top-down regulation from the State and NPOs' bottom-up reaction; NPOs' bottom-up reaction develops horizontally as it is shaped and legitimized by stakeholders' support. Conditioning of institutions and NfE's network governance legitimized by stakeholders' support co-exist in the organizational field.

4.2 NfE's Counterplots to Challenges and Opportunities in the Institutional Environment

NfE are confronted by challenges and opportunities in the institutional environment. Given their legitimacy partially harmed due to loose control of the State and loose coupling of NfE's actions, three counterplots are applied by NfE to maintain and repair

their legitimacy and the dis-organized organizational field is re-established. They avoid politically sensitive taboo and pay more attention on substantial services concerning health and participation, rather than advocacy of social security gaps. In addition, the consideration of political correctness helps them to benefit from the vague system featuring in rule of man instead of rule of law. They initiate innovative programs that eventually become institutionalized with the government's adoption. As discussed in Chapter 3, little advocacy is notably relevant to their political consideration. Now that political correctness emerges as another important factor, the next subsection focuses on relevant discussion.

4.2.1 To Maintain Legitimacy: Elite Alignments and the Importance of Political

Correctness

Except little advocacy, NfE try to maintain their legitimacy through consideration of political correctness. NPOs that are always researching and revising political approaches would find it easy to include considerations of political opportunities in their environmental evaluations. Therefore, the organizational opportunity argument is that the less continuous environmental evaluation an NPO practices, the more under-the-table

opportunities it is willing to reject or ignore, and thus the less likely it has deviances in the regulative pitfalls. This can be applied to NPOs A and B while NPOs C and D are exactly counter examples. NfE who cross use subsidies hold together well, partially because of administrative omission of civil servants and politicians. If there is an alternative bypass to achieve goals in a vague system where informal relation with political elites matters, how do NfE manage to benefit from the configuration of power? And what if they fail to do so? Among the four NfE, NPO C is the one whose vicissitudes are highly related with political correctness factor. Founded in 2000, NPO C quickly developed in the early 2000s at a time when previous DPP county magistrates offered much bonus to NPO C⁵⁰. CEO C understands that the elderly are his blue chips to ask for more from politicians. He is sensitive in political economy issues and tries to be careful in each action. Checking NPO C's performing events, we can find that in 2000-2008 when the Taiwanese President was from the anti-China DPP, 25% of its performances were about the Japanese culture. However, this number deteriorates dramatically to less than 5% after 2008 when the President was from the pro-China and anti-Japan KMT. While discussing with a troupe director helping NPO C's cultural events, CEO C made it very clear:

Japan is a taboo now. Now we have more guests visiting us from Mainland China and our President likes reunion with China, so let's pick up more stories about our ancestors coming to Taiwan from China four centuries ago. (CH1)

⁵⁰ CEO C used to be a primary school teacher. He happened to teach a previous DPP magistrate's two sons.

From Japan focus in the DPP government to China focus in the KMT regime, NPO C's surrendering to the regime seems politic-oriented but is indeed for economic contemplation.

You should know that our President is pro-China and against-Japan. If we want to have higher visibility and more opportunities to receive government funding, we must be considered as in the same camp. (CH3)

It seems NPO C always benefits from playing political games smartly. But one serious failure expels NPO C from running any projects outsourced by its county government, and this is a watershed when NPO C starts to decline and seeks opportunities to be subordinated to other entities. In the 2010 county magistrate election, CEO C chose to publicly support the KMT candidate campaigning for his second term. In a campaign, CEO C brought his seniors' dancing clubs to thank the magistrate for his supporting in the past four years. In the non-campaign period this may be considered neutrally as an appreciation, but in the campaign period things are interpreted differently. Unfortunately, CEO C was wrong to gamble and the cost was huge – NPO C was no longer eligible to apply for CCCP after the KMT magistrate was replaced by the DPP one in 2010. A local journalist observes:

It's not the corruption issue that stops NPO C from running CCCP. This is an open secret for many years but in the old days NPO C could still run CCCP. The reason is that CEO C publicly supports KMT candidates... You might be curious about how the new county government can purge NPO C who has been

close with the county government for many years. It's not that difficult. The CCCP itself is a policy from the central government, but when it comes to application, selection, and subsidization, it is the county's duty. I believe that the new criteria for CCCP providers in our county are deliberately designed to make NPO C ineligible. By regulatory change, the DPP magistrate can revenge NPO C but does not irritate its supporters. After all, the magistrate is well aware of the elderly's voting power. (CM2)

Overall, NPO C benefits but also fails because of its political awareness. This echoes Lai's (2000) observation that government plays an important role in policy formulation and subsidies while the magistrates' preferences has great influence. The importance of political correctness cannot be over-emphasized in the Taiwanese context. In addition, NPOs that ultimately reject or involve themselves in political games can be distinguished, based on long-term costs. Long-term cost savings from engaging in environmentally-conscious efforts can easily exceed any initial costs of associating with political correctness. Thus, once achieving break-even, NPOs may discover that long-term costs and benefits always favor adopting political games. Consequently, NPOs managing themselves this way are those who pay attention to such opportunities. Such NPOs would be those that are particularly, and continually, concerned about the political correctness of their actions. For NPOs who consider the immediate costs of political opportunities, political correctness takes priority.

NPO A's efforts to facilitate the "Grandparents' Vitality Show"⁵¹ since 2008 is another example of the elite alignment. The elderly in each community are encouraged to form a team and take part in competitions from the local level to the final championship at the national level. Participants are allowed to choose any activities and most teams choose dancing, aerobics with music, or TaiChi. The number of participants climbed from 112 teams with 2,739 people in 2008 to 359 teams and 14,523 people in 2011. NPO A's initiative was not to encourage competition among the elderly, but for them to take regular exercise and have social participation in their own community. As CEO A believes the idea matches that of health promotion and disease prevention, CEO A invited a professor who is going to be the Minister of Health soon⁵² as one of the referees in the final championship in 2010. CEO A recalls:

The Minister-to-be was very impressed about seniors' vitality. He's deeply convinced that the championship helps to save medical resources and the event is worthy of promotion. So later when he's on duty he asked the Commissioner of the Bureau of Health Promotion [*hereinafter abbreviated as BHP*] to contact me. That's why this year (2011) we're collaborating with the BHP and as you can see it's really a national event with resources from the central government....If anyone would like to interpret our approaching the Minister-to-be as a strategy to pave the way for further collaboration with the authorities concerned, I don't think I can find any excuse to deny it (AH1).

With the growing popularity of the championship, NPO A is aware of the importance to

⁵¹ Though it is a championship for the elderly living in their own communities, teams are eligible to register only when they are CCCP providers.

⁵² When the professor was invited, his Minister-to-be status was not officially announced. But since one member of NPO A's board of directors was his colleague in the same university, NPO A knew the professor was going to be the Minister of Health under which the BHP is affiliated.

construct an ally with the State as it needs a bigger platform to accommodate increasing demands from the elderly. The central government is obviously the one with the capacity. By inviting the Minister-to-be as a referee, NPO A had technically kicked off the ground for its next plan. Indeed, NPO C always wants to advance to the national level and what NPO A has done in the championship is indeed CEO C's dream for a decade. CEO C's daughter follows her father's wish to receive a Master's degree in adult education. She has a mouthful of sour grapes and claims:

I don't know NPO A has done it these years. I just know it's always our dream to do it. I don't know where NPO A gets this idea from, maybe they copy our idea? Anyway I know my father has this idea for ten years. As you can see, all what we've done with our senior clients is about performing activities. We do everything in order to get to Taipei Arena⁵³ one day. (CH4).

NPO A's growth is partially due to its strategies of elite alignments. Compared to that, NPO C hovers these years, still struggling to expand but in vain. The fatal blow in the 2010 county magistrate election worsened the situation and CEO C turned around to receive financial support from PRC's Communist regime⁵⁴. The importance of political correctness and elite alignments cannot be over emphasized when the State's loose control generates more spaces for NfE to play in the regulative pitfalls. A byproduct of elite alignment is that NfE stay in their comfortable zone to deliver services concerning

⁵³ The venue where NPO A and the BHP jointly held the championship.

⁵⁴ With the average visits of Chinese NfE around four to six times per month, NPO C is undoubtedly the most active player to welcome Chinese delegates. More specifically, these Chinese delegates visiting Taiwan are usually the "College of the Elderly", an entity established by the official and is mainly for those retiring from the government or party positions.

health and participation but pay much less attention to lobbying for security issues. That way, each NfE can consolidate its territory with the support and recognition from its elite alignments who also discourage NfE from advocacy. McAdam's (1996) third dimension of political opportunities, which is about the importance of informal power relations in a structure, can be applied to interpret NfE's political correctness consideration. As Lin (2000) notices, at the earlier stage NPOs had alignments mainly with DPP political elites in the 1980s, but later in the 1990s NPOs found it necessary to diversify targets of their political alignments when the DPP was transformed in order to become the ruling party⁵⁵. Issue by issue, NPOs allied with political elites from various political parties. According to Fan (2000), transformation of the DPP, election institutions, and parliament operation are all the structural factors to jointly lead to the consequences. While Fu (2000) and Wang (2000) also share similar idea as Lin (2000) that NPOs' strategies for political alignment have been changed and diversified, what is left for NfE to consider is to decide with whom to be politically correct. Obviously this is an important principle for their political alignment but even though they try their best in each case, things may develop unexpectedly. Are there any other cases exemplifying the bright side of NfE's strategic responses?

⁵⁵ It came true in 2000.

4.2.2 To Repair Legitimacy: NfE's Innovations Institutionalized with Stakeholders'

Support

This subsection presents processes and consequences of NfE's institutionalized innovations. Their processes to launch and realize new ideas feature in capacity building for the elderly and their stakeholders as well as importance of networks; some of their unique programs are institutionalized by the government's adoption⁵⁶ while their self-dependence and little autonomy is yet another consequence. Through CCCP the State opens a channel to NfE who are recognized by the State as both potential challengers and partners. Given the historical background, the State may expect potential challenges from NfE; because of the institutional and technical requirements, NfE are partners to collaborate with the State for efficiency reason. Moreover, they are not empowered in the policy making processes but strict policy poorly implemented generates some space for NfE to exert their agency within the bureaucratic system. Some NfE turn out to develop innovations based on their capabilities and the needs of the elderly. It is not necessary to tackle problems through the State because bureaucracy is slow to respond to emerging challenges confronted by the society and NfE develop various approaches that efficiently

⁵⁶ See Appendix I.

assist their goal achievements.

Process feature 1: Capacity building for the elderly and stakeholders

In NfE's development, they build capacity not only for themselves but also for the elderly.

It's not just about inventing something new and selling it. It's a new lifestyle for the elderly which we want to promote. (AH6)

We aim to launch new products and when we see the elderly inspired by our innovation, that's really the best reward. (BH1)

Moreover, NfE also help stakeholders' capacity building. An architects' union works together with NPO A to improve the elderly's living environment. Its representative indicates:

We endorse NPO A's engagements with "Active Ageing" campaigns as such and will bring to fore their regular practices. We've knowledge in architecture and we learn their ageing-related know-how. (AN5)

Now we're able to upgrade our know-how about a better living environment for the elderly in rural Taiwan. The certification is a logical end to our joint efforts. (AH6)

The CEO of a foundation whose mission is to study Taiwanese NPOs observes:

These avenues give them not only an opportunity to reach out to a larger public and fraternity with stakeholders, but also a critical window to engage with partners' ideas and concepts. (AN9)

An NPO partner who helps NPO A's "Go! Grand Riders" campaign recalls:

While the responsibility of handling an innovation of such magnitude and stature humbles us, it's a matter of immense pride that we're entrusted with this event. (AN21)

Process feature 2: Importance of networks

NfE unite modern technology with tradition techniques when developing their initiatives.

As an NfE at the national level, NPO A relies on information technology to communicate with its target audiences and to disseminate its innovative projects around the island;

NPO B's pioneering dog therapy is beyond the bureaucracy's imagination comes from the

USA; NPO C thrives from its computer lessons for the elderly; NPO D's community

kitchen becomes famous because of mass media exposure. These cases exemplify their

application of modern technology. However, their techniques to activate networks are

quite traditional. In NPO A's "Go! Grand Riders" and "Grandparents' Vitality Show",

NPO A mobilizes grassroots community development associations through its networks

around the island. In these projects, agreements are chartered by negotiation; NPO A's

voices can be heard with its idea realized. NPO B recruits volunteers and consolidates its

relation with dog owners' clubs in an indigenous way; NPO C delivers its lessons by

borrowing temple squares; NPO D's innovation becomes possible by mobilizing the

elderly in a village where most residents have the same surname, a classical example of

rural life in Taiwan. A professor involving in social welfare issues offers a vivid analogy:

In the ancient Chinese history we have this story that one can usurp power by controlling the emperor as a hostage and acting in his name to command the nobles. These NfE's stories are reversed. They mobilize dukes and thus have the power to order the emperor. Here dukes are the stakeholders and the emperor is the government. (ES9)

I'm not alone; even when doing R&D I receive partners' support. Our goal is to position ourselves as a brand and appeal to the elderly. Of course we also want to attract partners who are willing to work with us in an ageing society. (DH0)

Overall, since the government has little capacity to mobilize grassroots communities all around the island, the vacuum provides opportunities to realize NfE's passion and showcase their capability. But without stakeholders' support this would not be possible. By facilitating innovative projects, NfE establish a communion with partners and the fraternity at large. NfE's initiatives are based on coordination highlighting the importance of networks, which further triggers the government's adoption.

Consequence 1: Government's adoption

NPO A's efforts to initiate innovative projects and willingness to share its know-how for free illustrate the advance of civil forces ahead of the State. For example, some of NPO A's famous innovative projects are in cooperation with the government who is convinced that NPO A's ideas are worth promoting. In 2008 and 2010 NPO A ran by itself the championship "Grandparents' Vitality Show" and in 2010 NPO A invited the soon-to-be Minister of Health as the referee. This arrangement, according to CEO A, was

deliberately planned in the hope that the Minister would help to popularize the idea of health promotion and disease prevention through the elderly's regular exercise. As expected, the Minister spread the idea through the bureaucratic system and it was an endorsement for NPO A's achievements. As the Minister was so impressed with the program he decided to ask his subordinate, the Director General of the BHP, to learn more from NPO A and to undertake the BHP's responsibility in health promotion. This proves again that NPO A achieved its goal through real actions. NPO A is successful in developing its institutions which government officers eventually choose to adopt.

NPO A's success in inventing new projects is very famous. That's why when our boss [*Minister of Health*] asked us to collaborate with NPO A. We didn't discuss too long because they've initiated many new things and we're happy to help them along. (AG2)

For the BHP, NPO A has its own brand image after delivering many innovative projects successfully. An officer in the Ministry of Health mentions:

Admittedly the government is not as fast and flexible as NPOs because we must follow many rules and procedures. We need someone like NPO A; they can push something more efficiently which we cannot. We support these pioneers to realize their innovative ideas. (AG3)

Today the reputation of NfE's outstanding innovations becomes legacies which the government cannot ignore. (AN6)

Moreover, the structural inertia that NfE are the required explains why the government approaches NfE.

The government needs NfE...An extensive range of services characterizes the NfE industry where each player possesses a distinctive niche. (ES19)

Each NfE's status in the organizational field has been firmly established because of their respective uniqueness. (ES21)

Similar to NPO A, NPO D has its innovation prevailing in many communities around Taiwan because of the government's promotion. The government's agenda to approach NPOs A and D is similar: to learn more and promote their ideas by encouraging know-how share. Whether in the form of collaboration or sponsorship, NPOs receive positive feedback from the government and other stakeholders. These affirmative reactions are the endorsement of their institutionalized innovations. However, to what extent can NfE keep self-dependence if resources are mainly from the government? When NfE manage to secure recognition from the State, how possibly can they keep autonomy without too much intervention from the State?

Consequence 2: NfE has self-dependence but little autonomy because of government intervention

Ironically, NfE receive resources from the government but they intentionally keep a distance from the government. More ironically, the government turns around to approach NfE and adopt their innovations.

I'm not going to wait for government relief like a beggar. It's shameful. I don't want the conditioning of bureaucracy. (AH2)

NfE's self-dependence signifies their efforts to keep a distance from the government.

I don't want to have anything with the government. It's a tradition⁵⁷ which I want to maintain. (BH2)

Up to this point, two aspects of NPO A's innovation are disclosed: its consideration of political correctness as well as innovation institutionalized by the government. However, the researcher is able to unmask negative sides when strong trust is built between the researcher and NPO A who struggles against the BHP and fights for its own autonomy.

NPO A's managers confess:

I think we're abused by the BHP. As you can see, before 2011, we did everything from zero to something. Now we've such achievement but they just want to take it over effortlessly, claim it as theirs, and control all. (AH1)

There is a freerider problem because the BHP takes advantage of our achievement. What we've done is far beyond the imagination of their stubborn minds. Our CEO is modest to say "from zero to something". Actually we've moved further than the bureaucracy because it's just following us. But we cannot offend them; we are supposed to be the "yes men" and on the surface we pretend everything is all right. (AH4)

Though NPO A suffers from unhappy encountering with the BHP and worries that it will be turned into a mere puppet whose autonomy is sacrificed when collaborating with the government, it still maintains a good relationship with the bureaucracy, letting the BHP

⁵⁷ The tradition here means to keep a distance from the government.

take over its achievement and pretending everything is fine. It has self-dependence but little autonomy because of government intervention though the bright side is that innovations are adopted by the government.

4.3 Reflection

Following Chapter 3 concerning NfE's emergence, Chapter 4 deals the development of NfE. As NfE's behavior is modified by policy and regulation but conformity and resistance to the external cage co-exist in their solutions, it is necessary to analyze institutional influences from two directions: top-down from the State to NfE and NfE's bottom-up counterplots toward institutional settings. Furthermore, with legitimacy as the topic, Chapter 4 investigates where legitimacy comes from and in what form.

From “Active Ageing” to the CCCP

The mechanism and context for NfE to gain regulatory legitimacy from the institutional environment at the first stage is to register in accordance with the Civil Code and CAA. NPOs C and D intentionally avoid being incorporated into the bureaucracy⁵⁸ and did not register for a long time. They finally register as civil associations for economic reason

⁵⁸ NPOs C and D were not officially registered in the first half of their history but ironically they still could obtain funds from the government when they were not officially registered, demonstrating again that the State really needs NPOs for its welfare delivery.

because being registered is the first step if they want more support from the government. With eligibility being granted, NfE match the requirements and can apply for government-funded projects. By running the CCCP, a project covering privatization and ageing in community, NfE receive categorical legitimacy because of the government's authorization. As government is still the major buyer and funding body for NfE whose fund raising capacity is much less than their peers in other developed countries, the welfare pluralism in Taiwan is still more dominated by the State and not as ideal as what Panitch (1977) or Johnson (1987)⁵⁹ proposed. Consequently, the CCCP initiated by a DPP politician in 2002 and enlarged by the central government in 2005 does not only reflect the changing field frame and conflicting institutional logics of civil society and welfare state, but also embodies the political agenda of individual politicians and the government. Here stories are in line with observations of Offe (1984: 35-36) who indicates that the contradictions of welfare state are twofold: (a) it is hard for capitalism to co-exist with welfare state but capitalism cannot survive without welfare state; (b) government is mired in difficulties of capitalism development with government intervention. To wit, government cannot get rid of condition of capitalism and the intrinsic contradiction of capitalism. In Offe's term, such "ungovernability" leads to

⁵⁹ The former believes that needs of labors and capitalists should be incorporated into the nation-state in a corporatist welfare and the latter expects welfare pluralism as a new convergence of state, market, civil society, families and communities.

“crisis of crisis management”.

CCCP’s problematic institutional design inevitably becomes the catalyst for NfE’s organizational deviances. The State has loose control over NfE because of: (a) pitfalls in the regulations and bureaucratic hierarchy; (b) strict regulations poorly or controversially implemented; (c) inefficient governance of the hydra-headed bureaucracy. Moreover, NfE’s actions are loose coupling with formal rules. For example, NfE have documents mainly for M&E but left untouched for most time; they receive resources from the State but ironically they selectively follow rules. They also develop “one fish more dishes” or cross-subsidization tactics⁶⁰ to incorporate as many projects as possible and maximize their use of resources. It is made possible by the government’s acquiescence and it illustrates NfE’s institutional reuse of existing bureaucratic structure and regulative system. Institutional reuse works especially for those whose official jurisdiction within the administrative system is fuzzily defined. Because NfE’s jurisdiction is blurred and it is difficult to clearly demarcate various government agencies to which NfE shall be affiliated, institutional reuse prevails along with little communication and departmental selfishness in the hydra-headed bureaucracy of which NfE may take advantage.

⁶⁰ For example, NPOs use source One’s subsidy that is designated for a specific purpose to cover expenditures incurred by another project in compliance with source Two if funding from the latter is not enough.

Problems remain unresolved because of structural inertia where NfE are the required agents. Government agencies approach NfE with controversial issues because what concerns them is to spend budget and to produce positive performances by outsourcing to NfE. NfE's consequential legitimacy is secured but their procedural legitimacy is partially questioned though they claim to integrate public resources scattered around the headless-bureaucracy of poor institutional design. Personal legitimacy is obtained because of the charisma and good reputation of leaders in NPOs A and B, but it is not the case for NPOs C and D.

However, NfE find good reasons to defend for their strategic responses and these counterplots can be split into two. Little advocacy and consideration of political correctness are mainly for NfE to maintain comprehensibility and taken-for-grantedness legitimacy. As part of the historical legacy, little advocacy can be considered as the contextualized inevitability. Political correctness implies exchange legitimacy as well as the function of trust and identification. NfE's innovations supported by their stakeholders and institutionalized through the government's adoption help to repair their social appropriateness as exchange and influence legitimacy can be created accordingly. Dispositional legitimacy, mainly recognized within actors' social networks and relations, is actually a by-product of NfE's institutional entrepreneurship where actors' social

networks and relations are both involved.

Common grounds of NfE's counterplots

NfE develop their specialization to achieve a high level of performance in each project and this reflects their interpretation of “Active Ageing”. Their techniques strive to honor the high quality of innovations while also highlight the problematic institutions and structural inertia constraining problems unresolved. Their little advocacy unlocks innate systematic problems but it does not destroy their efforts of political correctness. Compared to security issues which are more difficult to deal with, health and participation in the CCCP are prioritized by the government who intentionally channels NfE's attention to these two.

NfE's three counterplots presented in Section 4.2 also remind us of the historical background mentioned in Chapter 3 where third generation NfE inherit distrust against the government from their predecessors. Civil society works as a social space for NfE to exert their civic right and allows NfE to find their own niche. NfE endeavor to take meaningful efforts toward self-sustaining with less dependence on the State. This is in consistent with their lasting distrust against the State, from the pre-1980 social movement era to the post-DPP administration. They identify unmet demands as challenges and

opportunities, demonstrating their enduring commitments to population ageing issues as they are institutional entrepreneurs when confronting institutional conflicts between the civil society and welfare state. Their initial motivation is to solve problems, but admittedly it is far beyond their capability to work alone. To realize their intended outcomes, a promising collaborative mechanism is developed and a functional problem-solving architecture is built on appropriate matches of NfE and their stakeholders. Essentially NfE are aware of the fact that stakeholders' supports matter profoundly for their innovations to be prevalent and adopted by the State. When continuously standing by allies, NfE address similarities and differences between themselves and their stakeholders. Similarities work as a propeller and activate momentum of collective action while differences are to generate complementary needs and motivate partners based on substantial reciprocity. Hence, NfE play a significant role in bolstering "Active Ageing" field frame.

Given accountability issues, NPOs C and D still survive because of their technical performance. Moreover, comparative advantage differentiates NPOs C and D from their counterparts and their existence is further legitimized if foundation donors or the government support their projects. The mechanism can be summarized as follows:

A. Outstanding technical performance is emphasized based on innovative projects which

only NPOs C and D can achieve because of their organizational capabilities.

B. Institutional performance is ignored because institutional arrangement itself has problems and NfE find alternative ways to survive. It is not difficult for NfE to defend for their behavior even it may be illegitimate if judged only according to institutional norms.

C. As a result of the convergence of A. and B., technical performance generates pragmatic legitimacy. NfE secure support and endorsement from the external environment while their innovative projects become legacies to be promoted.

Summary

Obviously, institutions for NfE can be both materially important and symbolically useful because of: (a) the State's loose control over NfE; (b) NfE's actions loose coupling with formal regulations; (c) unresolved problems due to structural inertia; (d) NfE's strategic responses. NfE manage to secure resources and pragmatic legitimacy through stakeholders' support if those from institutional environment are not available. Moreover, as NfE inherits vigilance against the State, their approaches to seek for legitimacy demonstrate that situation in Taiwan is unique and provide an alternative to understand the vitality of civil society. The two dimensions of governing kinetics composed of the State's regulations and NfE's reaction, as well as the self-governing system with

stakeholders' support, crystalize the trial of strength between conflicting institutional logics.

One-way diffusion of institutional norms imposed by the State makes it difficult to revise some innate imperfections of the CCCP though NfE as the social force of civil society are supposed to have capacity to do so⁶¹. Consequently, the alternative for NfE to exert their agency within the structure is to develop a self-governing system that is far from the government control and even against regulations. NfE may even give up the government-manipulated system where they have little hope for change⁶² and find alternative solutions elsewhere. Some experts and scholars, especially those in universities and research institutes, emerge to help NPOs' resource acquisition with charge since they know how the bureaucracy works and have links with both NPOs and government agencies. Credentials for social services, production for academic papers, and hands-on training for their students are all motivations.

Overall, there are two dimensions of governing kinetics in the system. The vertical one is a top-down from the State and bottom-up reaction from NfE, and the horizontal one is

⁶¹ Though NPOs are invited to public hearings, their voices are rarely heard as they are considered as downstream of the welfare delivery system. But when experts and scholars are invited to offer their insights, their voices are usually adopted. Decision-making process thus becomes a legitimized black box. This also relates to our discussion about institutional logics conflicts between welfare state and civil society.

⁶² NPO B never directly interacts with the State after its registration and NPO D cuts its links totally after CEO D0 was replaced.

between NfE and their stakeholders. Conditioning of the institutional environment and NfE's self-governing system co-exist in the organizational field. NfE's resource dependence on the State and its regulative system does not dominate exclusively their operation. Instead, networking with their respective stakeholders also plays an important role as networks and relations carry legitimacy and resources to actors involved. To wit, studying organizational behavior through institutional approaches proves effective but not comprehensive, taking into consideration organizational social networks and relations at the organizational level are therefore the task in Chapters 5 and 6. In Chapter 4 a vertical perspective (top-down and bottom-up) is applied to examine NfE's reaction toward the State's institutional arrangement and resource allocation, in Chapters 5 and 6 a horizontal perspective is utilized to investigate how NfE's interaction with stakeholders benefits and constrains NfE. When regulations are not completely conformed but it is informal norms based on which NfE operate, what are these informal norms and how do they shape NfE's behavior? Other questions such as what networking strategies are developed by NfE and how NfE perceive their relations with stakeholders will also be answered in the next chapters.

Chapter 5 Networking: the Structural Dimension of Organizational Social Capital

Chapter 3 elaborates the historical background before 1993 while Chapter 4 discusses NfE's adaptation strategies for resources and legitimacy in the post-1993 era. Two modes of analysis have been applied in this study so far: mode of industry in Chapter 3 at the organizational field level and mode of hierarchy in Chapter 4 at the State level. Since coercive forces from the State do not always work efficiently and even have counter effects, is there any other governing mechanism to regulate the whole system? Moreover, given the State's loose control and loose coupling of NfE's actions, how can NfE receive legitimacy and recognition, if not from the State? Questions such as how interaction with stakeholders conditions NfE's organizational behavior are not answered in Chapter 4 but will be further investigated in Chapters 5 and 6. It will be examined through the mode of activity at the individual organization's level so that we can understand why and how organizational networks and relations modify NfE's diverse achievements and performances.

Chapter 4 examines how NfE deal with the since the institutional influence upon NfE comes mainly from the State. It also illustrates how NfE maintain and repair their legitimacy through little advocacy, political correctness, and the institutionalization of their innovations. However, all these efforts would not be possible without their stakeholders' support and one should bear in mind that the government is not the only one (though the most important) stakeholder for NfE. Commercial companies, media, NPOs whose clients partially include the elderly, political elites from different political parties, as well as experts and scholars are all NfE's stakeholders. Indeed NfE also strive for resources activated through the construction of networks and manipulation of relations, demonstrating again that NfE's networking practices matter for their operation. Chapters 5 and 6, therefore, focus on the interaction among NfE and these stakeholders from the perspective of organizational networks and relations. Before jumping to discuss the influence of organizational relations on NfE, a topic which in itself is more abstract, Chapter 5 analyzes NfE's networking practices which are more concrete. It helps to understand the structural dimension of NfE's operation as the intermediary between NfE's institutional entrepreneurship and relational mobility. Moreover, as NfE's networking with their stakeholders is bilateral, it is necessary to cite more comments from stakeholders' side in this chapter so that a comprehensive picture can be painted.

5.1 The Organizational Social Capital Embodied in the Organizational Field

Nahapiet and Ghoshal's (1998) groundbreaking work about organizational social capital paves the foundation for our better understanding of the inter-organizational relations. They consider social capital as a form of capital embedded in the actor's social network. Based on Granovetter's (1985) concepts of "social embeddedness" and Burt's (1992) notion of "structural holes", Nahapiet and Ghoshal (1998) further develop three dimensions of organizational social capital: structural, cognitive, and relational dimensions. Based on their network-based definition and analytic framework, we can analyze the multi-dimensional interaction between NfE and their stakeholders, figure out how such interaction benefits and constrains NfE, and examine individual NfE's social capital within its social networks.

Notably, after Nahapiet and Ghoshal explicitly shed light on the exact nature of organizational capital, scholars have continued to explore and expand our understanding about it, from its contents to its outcomes such as circulation of valuable information and exchange of resources. However, what is missing in relevant literature is how and why organizational social capital influences organizational performances and achievements.

Chapter 5 and 6 are meant to investigate the mechanism through which organizational social capital functions. explain the diverse achievements of different NfE in the same industry.

Furthermore, there are yet many questions left unresolved although many scholars are indeed inspired by Nahapiet and Ghoshal's (1998) insight into the transformation between social capital and intellectual capital among organizations. First, they do not tell us how the three dimensions work with each other in the real world. Does any dimension work as the premise of the others? Do they function all at the same time, or instead is there a sequence among the three? Are there any driving forces behind the dynamics among the three dimensions? Second, in terms of structural dimension itself, Nahapiet and Ghoshal (1998) do not tell us what kind of network can be found; neither do they present the strategies, structural features and impacts of different social networking practices. Third, though four elements of relational social capital⁶³ are concluded by Nahapiet and Ghoshal (1998), Nahapiet (2007) also admits there are different theoretical origins and research traditions of trust and identification. How do these two elements influence each other, together with norms and obligations? What is the perceived configuration of the four elements? What are the rationales behind different perceptions

⁶³ I.e., trust, identification, norms, and obligations.

of relational social capital? All these afore-mentioned questions are raised after existing theories concerning organizational social capital are studied. By comparing these four NfE, it is possible to explore more undealt issues with Nahapiet and Ghoshal's (1998) analytical framework as a guiding tool.

Each of the four NfE in this study has its own connection and thus various accesses to different sets of resources. According to Nahapiet and Ghoshal (1998), social capital is defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network”(Nahapiet & Ghoshal, 1998: 243). With different resources and supports available from each actor's embedded social networks, a variety of achievements can be found in the four NfE. In other words, each NfE's social capital within its own social network settings is one of the reasons why each NfE performs differently.

Emphasis on structural and relational dimensions

Though scholars have admitted that three dimensions of organizational social capital interact with each other and an increasing body of studies about cognitive social capital is

identified recently, it is also true that in most researches least attention is paid to cognitive social capital (Nahapiet, 2007; Lang, 2012). Findings of this research echo such reality and there are two reasons to explain why significantly more concerns are raised concerning structural and relational dimensions, instead of cognitive social capital.

First, the main concern in this study is the interaction among organizations at the organizational level, rather than the individual level. It is true that in some cases reporters refer to cognitive social capital such as shared language and shared narratives when talking about their interaction, but cognitive concerns raised here are mainly at the individual level. In other words, it is the inter-personal interaction where cognitive social capital is recognized. One example is the DPP legislator who used to know CEO A since their college life, demonstrating that cognitive social capital can be observed at individual level which it is not the analysis level in this study.

Second, practically what concerns actors more is how to secure resources and legitimacy for their survival through networking and relation building. This is especially true when problems within institutional environment remain unresolved. Though cognitive social capital may have a fundamental impact on organizational achievement and its importance is occasionally reported, actors involved in routine works and innovative projects have

less time to think about it. Consequently, little about cognitive issues can be observed when the fieldwork is conducted.

Structural and relational social capital, therefore, are the two themes in the next two chapters. NfE's networking is presented first in Chapter 5 before the relational dimension is discussed in Chapter 6. This is because without networking as the premise it is not possible to build relations featuring in trust, identification, norms, and obligations. Moreover, networks are the format while relations carry meanings. Networks as the enabling structure are explicit while relations as underlying mechanism are implicit to support or erode the structure. It is for these reasons that we specify structural social capital before the relational one.

5.2 Characteristics of Networking

The institutional analysis of CCCP proves that it is for the State either to conciliate or to control and constrain NPOs. The CCCP makes it difficult for any individual NPO to be overwhelmingly dominant as each NPO must go down to the grassroots and deal with various political situations in each community. To wit, the communitized NPOs are made smaller and need to construct networks with a *diversity* of stakeholders in a given

community. It is with their support that NfE's innovations become popular and even a legacy followed by the government. The fact that NfE are made smaller is also related to their little advocacy as they concentrate on *project* implementation and thus have little energy in advocacy. However, the CCCP also benefits NfE who are ageing specialists and are authorized to run the CCCP. In most cases an NfE as the specialist in population ageing is *the only partner* for its stakeholders from various backgrounds. As NfE possess an advantageous position in the networks, the networking configuration is usually *ego-centered* with NfE as the hub. Ideally NfE must be always politically correct but sometimes they may fail because of unforeseen reasons. Under such circumstances, NfE seek supports of other stakeholders to fight against the main enemy which is usually the government. *A common enemy as the third party* harmonizes NfE's relations with their stakeholders. These characteristics of networking are elaborated before the underlying forces are further discussed.

5.2.1 Ego-centered

NfE become the required agents because of the CCCP'S institutional arrangement. Such fact implies that they possess an advantageous position in the networks and the networking configuration is usually ego-centered with NfE as the hub. Two issues are

highly related to NfE's ego-centered networking: networking advantages and structural loop⁶⁴.

The government creates a platform on which NfE's voices can be heard and many are invited, theoretically it generates more networking opportunities among NfE. It is, however, not the case and in fact the institutional arrangement contributes to the status quo. First, NfE run their business with different government agencies and may be distributed to disparate meetings. Besides, some NPOs are not considered by the bureaucracy as members of the social welfare system. For instance, NPO B registered under the BAPHIQ is usually excluded from the list by the authorities concerned in social welfare affairs. Moreover, it is not compulsory for NfE to regularly participate in joint meetings. NfE thus may not be aware of the existence of other NfE. Even if they have the awareness, they may not take further action for more interaction. The lack of structural incentives explains why NfE may not find it necessary to network with their counterparts but are more willing to network with entities in other sectors. As they do not find resources and legitimacy from networking with other NfE, it makes little sense to network with those who are considered as competitors rather than allies.

⁶⁴ More details will be elaborated in Section 5.4 of Chapter 5.

Four NfE tend to network with other organizations of different professions and missions. Each consolidates respective networks and has different functions in the organizational field. Each cluster of networks delivers distinct services in disparate scales and communities. With its specific role and irreplaceable function, each is able to position itself neatly and find its own niche. Compared to that, they seldom interact with other NfE and there is little substantial exchange. For instance, NPO C always wants to advance itself to the national level but in vain. It is aware of NPO A's success but never tries to interact with and learn from NPO A. As for NPO A, it tries to expand in the east but finally finds a small local grassroots association that is not in NPO C's constituency. NPOs A and C have both developed their quasi-subordination systems and other smaller grassroots associations join their umbrellas which are ego-centered with NPOs A and C as the hub. However, members in these two clusters do not interact with each other.

Secondly, the overall scale of networking benefits, rather than the number of ties and nodes, matters more for NfE's resource mobilization. This differs from Granovetter's (1973, 1983) concept about strong and weak ties. While Granovetter recognizes the usefulness of weak ties under some circumstances, we shall keep in mind it may not always be the case in other context. Indeed diversity-oriented networking also implies that quantity is an issue in NPOs' networking consideration, but if maintaining network

ties for diplomatic reasons or at the superficial levels brings little benefit to NPOs, NPOs may not find it necessary to manage all weak ties. Compared to that, the quality of strong ties through which substantial exchange and collaboration are facilitated, matters more for those involved in networking. A convincing comparison is the gap between NPOs A and C. NPO C purposefully endeavors to link itself with all possible partners but still can not advance itself beyond the county level. NPO A which is more selective about whom to network with, has become a representative NPO at the national level. What concerns NPO A more is not the number of relations but the visible and feasible exchange in a relation. Its Head in PR mentions:

A tie which can deliver and circulate productive resources is more important than many ties which are of little use. As long as we can maintain a tie with good quality, then we save more time and energy and focus on our own duties such as program R&D. Why? Because we've got what we need from our networks of that size. (AH5)

A fundamental difference between the organizational field and Granovetter's research field is that triadic closure does not necessarily exist in this research. We can find in this study many examples to illustrate that an organization at a brokerage position does not always exercise its bridging function. NPOs' networking is ego-centered and they can refer those otherwise disconnected actors, whether as reluctantly as NPOs C and D or as selectively as NPOs A and B. For NPOs A and B, the rationale to activate their bridging function is mainly for a specific project which requires a diversity of resources in a

specific geopolitical context.

5.2.2 Project-oriented

NfE's project-oriented networking is found both in their own networking with stakeholders and in their facilitating mutual introduction among partners. The tobacco company which used to work with NPO B in 2010 and then with NPO A in 2011 is a good example to illustrate the former case.

NPOs A and B did not know each other until the researcher informed them the tobacco company was their mutual node when doing field work in 2011, demonstrating that their networking with AC1 is purely project-oriented.

We stopped working with NPO B and turned to NPO A is because NPO B has a very special mission, which means its service is very narrow and limited. Investment in NPO A obviously brings more returns, and NPO A has become extremely famous after its huge success in "Go! Grand Riders" campaign. (AC1-2)

Another representative further explains:

Now that our project with NPO B ends, there is no need to keep in touch with it. After all, we have limited corporate social responsibility [hereinafter abbreviated as CSR] budget so better to concentrate on current project. (AC1-3)

AC1's replacing NPO B with NPO A is a good example of the project-oriented networking. A professional baseball league, AC14, was involved in NPO A's "Forever Young Baseball Championship" together with AC1. Its representative recalls:

After that championship we didn't keep in touch with NPO A for one year. Both didn't think about it. It's finished...But then after one year of no interaction, they [*staff of NPO A*] came to me and proposed the idea of baseball clubs for the elderly. This time they wanted a long-term collaboration so we signed another contract with specific duration. (AC14)

AC1 also has continued networking with NPO A but it is for another project.

After the baseball championship we realized it's a huge success and good for our CSR image. So we proposed another joint project with NPO A in the next year. Though we already knew each other well after networking for one year, still both sides agreed that it's better to have written memorandum of understanding project by project. Actually, it proved correct as in our second joint project about the elderly's photography exhibition. (AC1-1)

Moreover, we can find that NPOs A and B are more willing to facilitate mutual introduction among partners in their networks. For them the bonding mechanism among members in a given network is mainly activated in order to facilitate projects. It is also supposed that through mutual introduction their status in the network can be consolidated. Compared to that, NPOs C and D are quite reluctant to introduce partners to know each other. Relation referral is for NPOs C and D doing a favor by which they can secure

“mianzi” while returns from partners are expected. NPOs C and D differ from the other two since they position themselves as brokers to take advantage of their networking efforts. The other two are more discreet to serve their bridging function and usually they do so when it is necessary for joint projects.

5.2.3 Diversity-featured

NfE tend to network with a variety of stakeholders as it is more constructive to benefit from various partners with various resources⁶⁵. With its authority in terms of resources and legitimacy, the State creates a market for NPOs from which it can buy services in the name of welfare delivery through collaborative governance. In addition to the government, NPOs also network with other partners such as media, political elites, research institutes, commercial companies, other NPOs with different missions and target clients, and grassroots civil society organizations (mainly community development associations).

Dynamics of Diverse Network Ties

In the diversity-featured networking practices of NPOs, ties can emerge from

⁶⁵ The only exception is that they seldom interact with peers, a topic to be further elaborated in Section 5.4.

inter-personal or inter-organizational level. York (1995) distinguishes personal ties, intercell leadership, and group ties. Personal ties denote the situation where a member of an organization has his/her own personal links with someone belonging to another organization. Personal ties can be found among friends, relatives, and acquaintances in social settings, but they may not necessarily lead to a link between organizations to which they belong. According to York (1995), the medium by which organizations can construct relations with other organizations based on personal ties is intercell leadership. This term, coined by York (1995), means the exchange between organizations' leaders and personal ties which lead to inter-organizational ties. In other words, if personal ties among organizations further lead to networking at the organizational level, we can say intercell leadership is functioning. As for group ties, it means a pure interaction at the organizational level. Sometimes an organization may contact another organization purely for business without the premise that any individual from the two sides know each other in advance. Members in two organizations being acquainted with each other is not a premise for group ties as links are purely based on business.

There are, however, no examples of intercell leadership as the inter-medium between personal and group ties in this study. Instead, alternative network ties, neither pure personal ties nor pure group ties, characterize the dynamics of NPO's diverse networking

configuration. Network ties observed can be at individual levels (inter-personal ties) and organizational levels (inter-organizational ties). Yet there are other hybrids which are developed from networking history or the nature of actors' profession. Four hybrids are summarized as follows:

- A. Ties shifting from interpersonal to individual-organization. A good example is the DPP politician and CEO A's personal friendship that eventually flourishes the politician's relation with NPO A after he was elected as a legislator in the constituency.
- B. Ties shifting from individual-organization to inter-organizational. A good example is the relation between the BHP and NPO A, which is bridged by the Minister of Health after he worked as the referee in NPO A's championship.
- C. Ties remain individual-organization and the individuals' autonomy is limited. Journalists who are authorized to represent their media companies to interact with NfE are examples. Their roles and functions are affiliated to the company where they work and they are thus embedded within a specific bureaucracy that limits their personal preferences. With limited autonomy, their reports need to go through internal examination and approval before being published.
- D. Ties remain individual-organization and the individuals' autonomy is respected. Professors who conduct researches with NPOs are examples in this regard. Compared to journalists, professors working in universities have much more autonomy and thus

more freedom to express themselves though their research interests to some extent need to comply with the departments and universities to which they are affiliated.

5.2.4 Are you my Only Partner? Unequal Inter-dependence

Except in some specific cases⁶⁶, NPOs for their stakeholders are usually one of the few or even only one partner, especially in terms of specialists for the elderly⁶⁷. NPO D was favored by the local government whose excellent administrative performance can be verified by NPO D as a good model. NPO C for its commercial partners is the only one entry point to approach the silver market. The unequal inter-dependence is also incarnated in many stakeholders' collaborative proposals to NPO A which mobilizes other NPOs with joint projects or innovative programs and recruits other grassroots associations to be subordinated to its umbrella. Compared to that, stakeholders from various backgrounds are usually not the only one choice in each respective profession for NPOs. For example, NPO A has not only one media partner and NPO C connects several commercial partners from the medical industry. Unequal inter-dependence also leads to unequal power relation which will be elaborated as in Pattern 1 of perceived relational

⁶⁶ It is easier for research institutes and government agencies to find alternative NfE to collaborate with. Moreover, the importance and indispensability of NPOs C and D to their stakeholders decrease.

⁶⁷ Among the four NfE, only NPO B is exceptional and the condition is reverse. Undoubtedly, NPO B with its unique service is regarded as distinctive but it is also NPO B to reach out actively for networking as it is the one who needs partners more than they need it.

social capital.

Unequal inter-dependence is especially true for those commercial companies who can benefit from everyone but still have great interest in the elderly, ranging from medical-related business to insurance. But why do partners still need NfE after they are introduced and have successfully built links and trust with the elderly in a specific geographic region? Why are they not able to run their business with their profession which is out of NfE's capacity? The key is the elderly's characteristics in their graded trust in those who are closer to them or not. As stated by CEO C' wife:

The elderly tend to have a reference group when they encounter new things. They become anxious if there's any uncertainty. They need to ask me if they have any question, and they are vigilant about those who are going to make money from them by selling products. It's impossible for me to know details of each product but at least they need me to feel more comfortable before buying something. (CH2)

In other words, it is not CEO C's detailed explanation but his endorsement which can relax the elderly and dispel their doubts against commercial companies. As the elderly trust more in NPO C and tend to refer to NPO C's advices, we can understand why NPO C still has its niche even after contacts between the elderly and commercial partners are facilitated.

5.2.5 NfE and Stakeholders in Harmony Given a Common Enemy As the Third

Party

The fifth networking characteristic is highly related to the nature of NfE's business and embedded institutional environment. Harmony and stabilization normally take time and efforts to achieve when innate conflicts are harmonized and clashes are skillfully avoided. The key point is to transform conflicts or competition into a collaboration by introducing a common enemy against whom actors fight side by side. Differences among actors and their stakeholders may lead to potential conflicts as they are incompatible in nature and mutually exclusive, but their contrasting nature also implies the possibility of their collaboration. Notably, structural contradiction can be eventually harmonized when a common enemy as the third party is introduced into the system. This formulates the mechanism through which potential competitors are transformed into partners sharing similar interests since they collaborate to fight against a common enemy, usually the State of the government. More specifically, NfE's partners in this regard are either grassroots associations or NPOs whose clients are not exclusively the elderly.

Proving into these cases, one can find that none of them is of brand-new relationship, demonstrating that a long-term duration of acquaintance is the premise. However, only

long-term acquaintance is not sufficient enough to achieve harmony and stabilization as two parties involved are different in nature, and there might be potential conflicts of interests which threaten the relation. How do the two parties intertwine and come to a solution? Is there any mechanism through which collision is harmonized? Is there any indicator by which we can recognize the mutual reinforcement between the two parties? What makes the transition from a fragile bubble to a concrete marble? By answering these questions, this sub-section is meant to investigate how potential conflicts of interests are harmonized through a common enemy in NfE's networking configuration.

NPO A is commonly considered as the model NfE as it has good relationship with the government. However sometimes it suffers from unpleasant encounters and the government agencies are consequently turned into its enemy. A good example is NPO A's efforts to be politically correct that are eventually intervened by the BHP. Moreover, on its road to build its kingdom by inviting other smaller grassroots associations into its umbrella, NPO A sometimes encounters rejection. Though NPO A carries a plenty of resources and generous promise, some small local associations eventually choose not to be incorporated as NPO A's auxiliary followers. Instead, they become NPO A's parallel partners in areas where NPO A and other outsiders cannot and have never managed to penetrate. For example, in east Taiwan which is the least populated area in Taiwan, some

grassroots NPOs exist with their welfare delivery for many years. In direct proportion to its population, the amount of demands here in the east is not as high as that in the west. The little demand is enough for a small NPO to survive but very hard for outsiders to carve up only a few resources and find a niche. NPO AN2 serves local people including the elderly and is NPO A's local partner in the east. NPO A never tries to compete against AN2 since it is the most influential local player with great support from its powerful local networks. NPO A's strategy is thus to collaborate with AN2 and have AN2 as its representative partner in the east.

Now everybody thinks we are the biggest and expects our expansion. But we don't want to become too big. In the east we've got AN2 as our good friend and we're satisfied with that. It doesn't make sense for us to establish a branch there as what we're doing in the south and north. Neither do we want to incorporate it into our umbrella as we're doing in central Taiwan. The status quo with AN2 in the east is perfect for both of us. (AH7)

From AH7's argument we cannot assume if NPO A is not capable of or not willing to expand in the east. But facts from other sides support the observation that NPO A is aware of the difficulty to merge AN2. CEO of AN2 marshaled some facts:

Come on boy [*laughing at the researcher*], we've been here for long and there's an unwritten norm amongst us: we never want to invade others' territory. NPO A asked if I want to be incorporated with its generous offer. But can I forsake my fans in the locality? Are my fans willing to support an outsider parachuting in from the west? Finally both sides gave up and proposed a collaboration model instead. (AN2)

Comments from AN2's CEO conflict against CEO A's statement. This is understandable because CEO A avoids the embarrassing part for NPO A's reputation. Though they have different ideas about how their collaboration is proposed, both agree the existence of a common enemy consolidates their relationship.

Why are we willing to collaborate? Simple. We must fight against our enemy in common. Our government considers people in the east as third-class citizens. Mainlanders from China as the first, native Taiwanese as the second, and aboriginal people in the east are the third. In order to satisfy local demands, we are here because the local trust us. (AN2)

What is raised here is about dispositional legitimacy; he adds resource issue on top of his argument.

By collaborating with NPO A, we secure resources to deliver services and I won't worry that it will take advantage of us. I trust it. Also, we need inspirations from outsiders. What they teach us is transformed according to our local condition. We stand shoulder to shoulder and we hope by doing so our government knows people's needs in the east. (AN2)

The Head of PR explains how such relation functions:

AN2 keeps its name and independence. It's not really subordinated under us but we subcontract projects to it. The government is not responding to its requests efficiently and it doesn't have much capacity to bid for government projects...sometimes he rejects our proposal when he thinks it's beyond his capacity or there are no demands in the east. So he still has his autonomy and our relation remains a horizontal collaboration. (AH5)

When two parties share similarities, usually to fight against a common enemy, each one

relies on the other. With support from Party One, Party Two can find it easier to survive.

BN9 is an association running CCCP and dog therapy. Its manager describes how the mechanism works:

Normally we keep a distance from the government but we work closely with NPO B. We bolster each other and the whole system looks like a pendulum. We are the two balls passing kinetic energy to each other. (BN9)

AN23 works with NPO A in the south. Its manager's idea echoes comments of BN9's manager:

We used to work with the government but admittedly it makes sense. Too much paper work and too little funding. Fake receipts acquiesced for formality reason...working with NPO A makes us feel better about ourselves. (AN23)

CN18 is a grassroots association seemingly subordinating itself to NPO C. Strikingly, its manager shares similar perception:

By subordinating to NPO C, we at least can secure some funding or projects. It's better than nothing because relying on the untrustworthy government brings too much uncertainty. (CN18)

To sum up, two measures are taken in two steps under different conditions. First, contradiction exists as two parties involved are different in nature. To remove unnecessary interference and to harmonize potential conflicts, a common enemy is then introduced because external forces can facilitate mutual reinforcement. Overall, in the

situation with given differences, the third party functions to drain away stress revealed by potential conflicts and to remove unnecessary interference; now that shared similarities are engendered, the symbiosis is reinforced as the third party bridges the two parties with mutual needs. While an enemy in common shared by two parties and an innate conflict eventually harmonized are the driving force of stabilization, the mutual needs in effective bonding are the premise to form an enduring stable relationship. This also relates to NfE's networking rationale: to bypass overelaborate regulations and the hydra-headed bureaucracy. As actors' common enemy activates their mutual needs and symbiosis, our discussion will then move from common enemy to quasi-subordination, a popular networking practice in the organizational field.

5.2.6 Underlying Forces of Networking Characteristics

Three structural factors highly related to the nature of NfE's industry provide a lens through which we can review these diverse networking characteristics. The first fact is that *the elderly are the target*. As all efforts are made to satisfy the elderly's diverse needs which relate to a variety of professions, it makes sense for NfE to network with a diversity of partners. We can however distinguish the imbalanced mutual needs from two opposite directions. NfE need their stakeholders and they can collect different contributions from

various sources. This does not only benefit partners but also strengthens the importance of NfE for their stakeholders. Compared to that, obviously partners also need NfE so that it is possible for the elderly to be aware of their profession and even the indispensability of their services. In other words, a specific partner offers its profession as one of the choices for NfE whose profession is all about the elderly and thus are the main or only channel for their partners to approach the elderly.

The second issue is about *locality*. NfE are required by the elderly in a specific geographic region, and the elderly in return can be mobilized by NfE. This generates good reasons for NfE to be required by their stakeholders whose agenda can be realized through NfE, the gatekeepers of the elderly in each community. It is true that the elderly in different communities may have various expectations and demands about what NfE have to offer. In order to mobilize limited resources scattering around various sectors in a geographic area, it makes sense for NfE to diversify their networks so that all possible assistances will not be missed out and available resources within a specific geopolitical context can also be secured. Compared to that, NfE are competing against each other for limited resources and find it unnecessary to network with peers.

Moreover, locality matters in NfE's daily operation and service delivery as local wisdom

is required when it comes to serving the elderly in communities which are geopolitically different. Even though for NPO A at the national level, it still needs to deliver services and approach target clients by penetrating into the elderly's daily life in a substantial community, rather than only lobbying or advocacy in the political arena. That way, it is more real for the elderly and it is much easier for them to feel and tell NFE's existence. For this reason NPO A is willing to adjust itself to cope with various local conditions. It is also for the same reason that NPOs C and D are still required in their county given their negative issues. Besides, local politics also plays an important role for NPOs to run their business. A common occurrence is that a program favored by a former local political leader may be compelled to cease working when the new leader is from the opposite camp. The latter usually sweeps away the former's political views, even including a program delivered by a neutral NPO. It is for locality reason that NPOs need to construct their networks project by project since resources available in distinctive areas can vary and it keeps changing because of local political variations.

Last but not least, there is a *supply chain* issue. Though NPOs are not in the manufacturing industry and are providing services for the elderly, still we can find in some cases that actors and their partners are at the upstream and downstream of a supply chain. For example, after NPO A brings into full play its strong R&D, it needs

participation of grassroots community associations. NPO B is the seller for entities providing dog therapy. The elderly's pursuits are incorporated by NPO C to generate its own niche. With the elderly's needs as the input and NPO C's networking as the processing, the output is something which can satisfy the elderly and potential buyers, especially those who are eager to make profits from the silver market. As NfE are for some partners the sellers but for others the buyers, it makes sense for NfE to reluctantly reply to networking invitations when they are the buyers but to be quite keen on establishing links when they are the sellers.

Overall, diverse networking characteristics share the same underlying forces which relate to the nature of the NfE. It makes sense for actors to network when the division of labour is clear or when actors are at the upper and lower stream of supply chain with complementary needs when delivering projects. This is especially true when they are engaged in projects which require inputs from diverse professions. Other cases where we can find complementary needs among actors is when one NPO is incorporated into another NPO's umbrella through quasi-subordination. In this case, networking is also project-oriented with the subordinate and the superior favoring and benefitting from each other.

5.3 Quasi-subordination⁶⁸ as Networking Strategy for Partners with Overlapping Clients

These NfE do have overlapping partners⁶⁹ in addition to the government, but there is very little networking among them. Why is inter-organizational networking not a choice for peers even though platforms are facilitated by the government? Two terms, quasi-subordination and structural loop, are coined to crystalize respectively NfE's intentional pursuits of networking with partners and avoidance of interaction with peers. On the surface quasi-subordination and structural loop contrast with each other but they are literally correlating factors. While quasi-subordination in each NfE's constituency consolidates ramparts among NfE, such clear ramparts and little networking further defines structural loop.

There are various ways for NfE to network with other NPOs whose clients partially cover the elderly and the agenda is either for resources or for legitimacy. Some of them are obviously horizontal cooperation while some look like vertical integration but in fact horizontal cooperation, too. This section aims to distinguish the latter from the former since the latter is a product of the vague regulative system, as well as a special but

⁶⁸ In some cases such as Professor ES23's analogy of individual tourism agent, the term can mean license-leasing but for most cases in this study license-leasing is not that common.

⁶⁹ For example, the tobacco company AC1 for both NPOs A and B, the insurance company CC4 for both NPOs C and A, and a nursing home BC4 for both NPOs B and D.

common organizational behavior embedded in the Taiwanese NPOs context. It also has profound influences on NPOs' networking strategy and inter-organizational relation.

5.3.1 Quasi-subordination: Seemingly Vertical Integration but Literally Horizontal

Cooperation

Quasi-subordination becomes popular because some NPOs are good at proposal writing while others have local wisdom for substantial service delivery. As we have discussed in Chapter 4, resources accompany the strict CCCP regulations. However, not every NPO is qualified to fulfill the criteria to run the CCCP. For those who are qualified, they may not have capacity, namely local wisdom and networks, to deliver services as they have declared. Consequently, the qualified may seek helps from the capable and an exchange is therefore facilitated between the two. The qualified, with the legitimacy to access resources, may not always have the capacity to deliver services, which in return will harm their qualification to apply for CCCP next year. The solution for the qualified is therefore to exchange with those who have the will and capability to deliver services. The qualified deals with the State while the capable undertakes the duty to run projects. The qualified and the capable are independent from each other except the cash flow from the former to the latter and some brokerages kept by the former in the name of administration fee. This

means when the qualified are doing the application, they may be honest about their incapacity and officially report the State that they need to cooperate with partners. The State accepts the reality since after all it needs someone to run projects. When NPO A tries to launch a project in a new geographic area, this approach is used quite frequently. But not every NPO is as transparent as NPO A. Some may pretend that they are capable when applying but once they win the bids, they seek for smaller NPOs' help as a counterplot. In the latter cases, under-the-table transaction between the qualified and the capable can be noticed while the government officers, though clearly knows the hidden agenda of the qualified, tends to partially close their eyes since it also recognizes that enforcing a ban on quasi-subordination may eventually harm itself.

Quasi-subordination is a win-win strategy for the qualified and the capable. The latter, with capacity but without resources, need financial support from the State but their lack of eligibility stops them from applying. This can be compensated by the qualified as they are also looking for someone to run projects and thus fulfill the criteria in their next round of bidding. In other words, the qualified and the capable need each other and help each other with their respective strength.

Sometimes smaller NPOs may actively take action and propose to be subordinated to a

bigger NPO; in other cases smaller actors are approached by bigger players and passively incorporated into bigger players' umbrella. For example, NPO B, with its limited capacity and unique services, chooses a flat organizational form. It recruits existing dog owners' clubs in the north, central, and south so that the supply of dogs and owners as volunteers is secured. But these clubs are still independent from NPO B when they are not doing its business. Though NPO B has rich software such as dogs and volunteers to provide services, there is yet another problem because renting spaces is far beyond its budget. Its strategy is therefore to contact other entities for the promotion and provision of its specific therapeutic services. That way, NPO B can find a platform for its dogs and volunteers while also save the terminal cost to rent spaces. Though NPO B claims its interaction with other organizations as cooperation, scholars believe it is a good example of quasi-subordination in the Taiwanese context.

Of course they won't admit they're subordinated to others. You must know that they're an organization at the national level and it's shameful for them to be thought as a subordinate of someone else. But for me this is exactly the quasi-subordination. (ES5)

Scholar ES5 then adds on top of his argument by offering his definition of quasi-subordination as follows:

The key point is access to resources. If it's not a direct access, then it's quasi-subordination. Certainly NPO B is different from NPOs C and D who obviously subordinate themselves to others. Though NPO B is not like them

who must look around to find opportunities outsourced, actually it's always looking for someone to offer a space for its therapeutic services. The range of outsourced services undertaken differentiates NPO B from others. NPO B's partners segment a specific service which can only be done by NPO B while partners of NPOs C and D outsource the whole projects. (ES5)

On the two ends of the spectrum, the qualified and the capable have something which the other end has to offer – the qualified receive legitimacy and the capable receive resources. The fact that they need each other and can help each other is the first premise for quasi-subordination while the seemingly strict CCCP regulation that is loosely implemented has encouraged the popularity of quasi-subordination. NPO C's survival strategy is a good example. With financial issues and failure in political gambling, how can NPO C still survive since it is not longer eligible to apply for CCCP in its own county? NPO C transforms itself as a subordinate of other NPOs who is eligible to apply and is willing to sub-contract with NPO C. In the words of CEO C's son, it is the know-how sharing.

What we're doing is to share our know-how with others. For example, NPO SUGAR ⁷⁰ [*a pseudonym for confidentiality*] has won a bid from the government and it approaches us as our NPO has a good reputation. Its CEO asks our help to run some projects in our county. We're to share our know-how because it's the best way for us to be noticed. (CH3)

From a hub organization to a frozen one, NPO C has undergone dramatic change and

⁷⁰ NPO SUGAR is a foundation with culture and education as its mission. The bid which CH3 mentioned in the quotation was released by the Department of Education, and it was about the promotion of traditional culture in grassroots communities.

CEO C's wife offers her interpretation in a focus group:

We admit we made a mistake in the election campaigns. Although we think we are neutral, others may not think so. We are still the NO.1 in this county so anyone who wants to do something about the elderly here still needs to go through us. For the time being we're just waiting for the next chance and we can tolerate the status quo for a better future. But just as my husband mentioned, we've got to be seen continuously, otherwise our clients and our partners may forget us. (CH2)

This is the perception of NPO C's team. How does NPO C's superior understand the situation? When the CEO of the NPO SUGAR was interviewed, he shared similar idea about the story while also gave an alternative interpretation about quasi-subordination.

We all know that NPO C has a tough time now but they are expecting good times to return. Then it will be my turn to call for their help though I do hope there is no such a day [*laugh*]...I agree that I am sharing resources with NPO C because now it has no eligibility to apply. A friend in need is a friend indeed. (CN1)

NPO C is struck by its political gambling and thus loses its access to resources. The solution for NPO C is to subordinate itself to other entities while still keeping its own independence, and to maintain its network ties with local groups partially with the elderly as their clients. The same situation happens in NPO D though its stories are more complicated as it is a small and alone unit. With much more flexibility, NPO D chose whatever it wanted to be subordinated under the leadership of CEO D0. Professor ES4, who assisted in the establishment of NPO D and helped NPO D to receive the most

important funding in its history, reflects on NPO D's quasi-subordination.

When I got to know this group, it's not yet a registered organization but just a gathering of local people in the community. At that time I was doing an experimental research project with this community and I knew it had good ideas such as gardening, cooking and dining together...etc. These are of interest for the government but without official registration it's hard for them to apply for any State funding. So I encouraged them to register as an organization. (ES4)

Professor ES4 engaged in NPO D's launch when NPO D subordinated itself to Professor ES4's research project for resources and knowledge to run an organization composed of community citizens. He also went through its early development and first wave of internal personnel change.

When registering, it's not under the leadership of CEO D0 but the father of current CEO D1. He felt he's too old to manage everything of a registered organization at its early stage, so an election campaign was held. At that time CEO D0 retired and because he used to contribute a lot to the community's PR with his personal networking in media, he was elected as the second CEO. His media background brought NPO D to a new stage. (ES4)

As Professor ES4 recalls, CEO D0's media background was one reason for his being elected and various quasi-subordination approaches and outcomes were expected. Among them, the financial support from the national lottery foundation was the most important for NPO D since the generous offer really realized its idea. By subordinating to the national lottery foundation, NPO D had secured resources to implement its idea and Professor ES4 also chose to leave NPO D as he believed it would be better for NPO D's

self-sustainability. He left NPO D at its peak performance. Later he was informed that DEO D0 suffered from financial issues, he was not surprised that at the last stage of CEO D0's leadership NPO D had subordinated itself to many other entities themed on various missions. Professor ES6, who works with NPO D after Professor ES4, shares the same observation.

CEO D0 tries to subordinate NPO D to many kinds of organizations. As long as there's an overlap between NPO D and its targeted sponsors, then a proposal of collaboration is drafted. But by collaboration it actually means quasi-subordination. As far as I know, before NPO D cuts its links with other entities, it proposed to work under other organizations who are based on culture, art, history, community development, public health, lifelong learning, nutrition, social well-being for the disabled...to name but a few. Basically, where resources are, where NPO D is to be affiliated. (ES6)

NPO D's quasi-subordination is targeted far beyond the scope of NPOs whose clients cover partially, but not exclusively, the elderly. Same as Professor ES5, Professor ES23 who is an expert in Organizational Sociology in Taiwan also notices that quasi-subordination is very common in the Taiwanese context and it is important to further investigate quasi-subordination.

In Taiwan you can also find such phenomenon in private companies. For example, a tour guide may know Japan very well and his/her clients like to go travelling with him/her very much. But he/she is an individual and is not eligible to prepare everything in a package tour. The solution for him/her is usually to subordinate to a tourism agency and borrow its license for the booking of group flights, meals, and accommodations. (ES23)

Quasi-subordination is very special because on the surface it looks like vertical integration as one is subordinated to the other. However, the two parties engaged in quasi-subordination are independent from each other, making it indeed a horizontal cooperation. It is necessary to apply some examples for further analysis and explain why quasi-subordination is indeed a horizontal cooperation. Table 5-1 compares examples of different quasi-subordination practices.

Table 5-1 Examples of different quasi-subordination practices

	grassroots associations to NPO A	dog owners' clubs to NPO B	NPO B to nursing homes or NPOs who are CCCP providers	grassroots associations to NPO C	NPO C to NPO SUGAR	NPO D to the lottery foundation
Who takes action actively?	NPO A (the superior)	NPO B (the superior)	NPO B (the subordinate)	NPO C (the superior)	NPO C (the subordinate)	NPO D (the subordinate) firstly passive but then active
Is the subordinate already existent, transformed, or created?	grassroots associations are existent	dog owners' clubs are existent and transformed	NPO B is existent	grassroots associations are existent and transformed	NPO C is existent	NPO D is existent
Quasi-subordination for whose	NPO A's legitimacy for its	NPO B's legitimacy for its	Legitimacy of nursing homes or	NPO C's legitimacy because of	NPO SUGAR's legitimacy for its	the lottery foundation's

legitimacy?	national level scale	registration at national level	CCCP providers because of enriched services	expansion and deployment	next bidding	legitimacy for spending money wisely
Through quasi-subordination, who receive whose resources? Directly or indirectly?	grassroots associations indirectly receive government resources through NPO A	dog owners' clubs directly receive NPO B's resources (trainging, volunteering)	NPO B receives resources directly from nursing homes but indirectly through CCCP providers	grassroots associations indirectly receive government resources through NPO C	NPO C indirectly receives government resources through NPO SUGAR	NPO D directly receives resources from the lottery foundation
The superior's intervention on the subordinate	Only when rendering account to the government agency	N/A	N/A	Only when rendering account to the government agency	Only when rendering account to the government agency	Only in grant compliances

From Table 5-1 we can conclude that though quasi-subordination looks like vertical integration as the superior endows resources to its subordinate, it is literally horizontal cooperation. All subordinates exist before quasi-subordination and are still independent in quasi-subordination because the superior have little intervention on them. Sometimes NPO A creates its own branches around Taiwan but in most cases (e.g., in the east) NPO A collaborates with existing grassroots associations. The former case is not qualified as quasi-subordination because branches are under NPO A's direct control. But the latter is a typical quasi-subordination: the superiors work in parallel with the subordinates which is quite independent. Only when there are administrative procedures to be followed for grant compliances reasons that the subordinates follow instruction of their superiors.

We can also assert quasi-subordination is either for resources or legitimacy – legitimacy for the superior and resources for the subordinate. Moreover, sub-contracting and outsourcing are usually practiced in quasi-subordination and we can recognize horizontal cooperation with personal ties functioning. By explaining the variety and locating each networking example, we are able to conclude a more accurate set of criteria to recognize quasi-subordination:

- A. One side is involved for resrouces and the other is for legitimacy.
- B. The power structure looks like vertical but in reality horizontal as the superior has

little intervention on the subordinate.

C. Two sides both exist before quasi-subordination. No one is created by the other.

However, sometimes the superiors actively take action to incorporate the subordinates while in other cases it is the latter who actively finds opportunities to be subordinated.

Actors generate parallel cooperation opportunities with other entities, whether they are at the superior position or not in a dyadic interaction. Moreover, though Professor ES5's criterion, indirect or direct access to resources, is helpful in some cases, it cannot be applied to all situations. Hence these two are not included as the three criteria to recognize quasi-subordination.

One should however bear in mind that the new NPO D has neither vertical nor horizontal networking as it chooses to close its door with its exclusive self-sustainability policy.

Also, only horizontal cooperation is found in the relations between NfE and their partners whose clients are not exclusively elderly. What if the interaction to be examined is between NfE and their peers whose clients are exclusively elderly? Since NfE and peers have the same "legitimation of means" which fits requirements in the institutional environment, are there any forces to catalyze networking in the industry? Or, what factor is functioning so that these NfE, even with "Active Ageing" as the same field frame, find

few incentives to network? The next section will try to answer these questions.

5.4 Structural Loop⁷¹: Clear Ramparts and Little Networking among Counterparts

After exploring the seemingly vertical but indeed horizontal quasi-subordination between NfE and their partners partially with elderly as their clients, one question arises: what happens between NfE and their peers whose clients are exclusively the elderly? Is there authentic subordination or merger between NfE and their peers? The answer is NO. This is because given the diverse development of different NfE based on their respective niche, each finds its own unique strength and can thus keep its own territory. This section elaborates more details in this aspect. A term, structural loop, is coined in this study to visualize NfE's very little networking with counterparts but much more networking with partners in other sectors. Consequences as a result of structural loop include: (a) resources are not circulated within the NfE industry; (b) NfE's little advocacy as civil forces are dispersed.

⁷¹ The most important difference between quasi-subordination and structural loop is that the former can be found between NfE and their partners *whose clients can include the elderly (but not necessarily or exclusively)*; the latter is *only within NfE whose clients are exclusively the elderly*.

5.4.1 Few Incentives for Merger as a Norm

NfE tend to avoid interaction with peers and it can be exemplified with the ultimate fact that there is no merger in the industry. To examine the phenomena, we can trace back to the political correctness and little advocacy mentioned in Chapter 4. Clearly, NfE's political correctness consideration is one reason for their little advocacy. Moreover, political correctness relates to elite alignment whose essential changes due to party alternation leads to NfE's little advocacy. Yet no merger in the industry is another consequence of the complicated elite alignment. Answers from NfE's political elite partners help to draw an accurate picture.

Don't you think the whole thing is good for NPOs? Since each has its own agenda and capability and each can contact suitable politicians, then each develops its own network and territory. These cannot be stolen by other NPOs. (CP1)

Let me give you a metaphor. It's just like dogs defining their territory by urinating. NfE network with their own supporters, from the elderly as clients, companies as stakeholders, to political elites as objects of cooperation. Therefore, each has a strong fort and no one needs to worry that it will be swallowed. (DP1)

With support and recognition from its elite alignments, each NfE can consolidate its territory. Consequently, there are few structural incentives for NfE's merger but there are clear boundaries among them. Each NfE may have no capacity, no will, or no given

opportunities to merge its counterparts. These can be considered as the informal norms for NfE who are aware of the difficulty and the lack of structural incentives to merge. In other words, each NfE knows it has its own territory and does not try to break the unwritten rules. Their networking stays inactive as no one can change the situation or wants to be influenced.

But why does networking with peer mean potential danger of merger for NfE? AC11 which runs housekeeping business offers a convincing comparison between the NfE and its own industry:

It's like housekeeping business. Only when my service is unique and irreplaceable that I'm outstanding and can worry less about networking with peers. Otherwise peers may take over my clients and steal my ideas. Then I'll lose my strength and I'm swallowed. (AC11)

AC3 is an insurance company approaching NPO A. Its representative comments:

When you are similar to others, drawing a clear boundary is good you're your survival. These NfE look similar and their so-called profession actually does not have high entry barriers. It's better for them to keep away from peers so that each can secure its own territory. (AC3)

Professor ES24 masters in therapeutic recreation⁷² and leisure programs for the elderly.

He has many students working in NPO A. He observes:

⁷² Dog therapy is one approach within the therapeutic recreation family.

You are studying in the UK, right? So it's like Scotland who wants independence. Drawing a boundary is for money and for power. It's the same for NfE. (ES24)

Networking with peers may imply that NfE are running the risk of being merged since their senior clients and stakeholders cannot tell their comparative strength if they are too close with peers. Besides, comparative institutional advantage again explains NfE's strategy to stay in the fragmented industry. They turn to manage their own social networks and benefit from respective networking efforts.

Many people believe that we will become the Taiwanese version of AARP, but I'm afraid it's just an illusion. We've no plan to make ourselves bigger. That's not our agenda. We prefer sharing our know-how and since we have more capacity than others, why not use it for something which others cannot do, like R&D of innovative programs which are good for the elderly? (AH6)

It makes no sense both for big NPOs like NPO A and smaller NPOs to think of anything about merger. Instead, they tend to believe that the status quo where small and medium NPOs co-exist suits the Taiwanese context and is good for the elderly.

We're a small NPO without many resources. Our initiative is not to compete against other NPOs but cooperate with them and offer our professional services. That's our niche which nobody can take over. Only we're able to do it. (BH4)

Compared to NPOs A and B who have little interest in merger or expansion, NPO C has worked very hard to expand its scale from the county to the national level. However, NPO C's efforts fail after trying for ten years. CEO C's wife has her story to tell:

Young man, we've tried ten years to network with other NPOs and then inscribe them into my scope, but after ten years of trial and error, it proves impossible in Taiwan... Taiwanese are not born to co-operate but to challenge. Nobody wants to be subjugated. If you [*a leader of an NPO*] have some achievements, do you want to give it away to others? Why subordinate yourself to other NPOs of the same kind? (CH2)

Different from her mother, the daughter believes that it might be a good arrangement for NPO C to stay at the county level and focus all its resources to serve local elderly.

Can you imagine how much cost is needed in order to merge others? Ten years of debt! It's not administratively efficient and economically smart. Staying at the local level, we can do anything we're able to. (CH4)

We can say that the non-merger phenomenon is an unwritten norm shared by NfE. It is their consensus as CEO C's son comments:

As long as you have your own supporters, either the elderly receiving your services or stakeholders like politicians, then basically you only need to concentrate on your own work. You don't need to worry about the invasion of other NPOs. (CH3)

His comments help to draw an accurate picture of the organizational field, and insight of NPO B's commercial partner links the issue of "non-merger" to our discussion of legitimacy in this section:

Though NfE all have the elderly as their target, their business differs. If they can get the recognition from supporters, the status quo will guarantee their survival... Now you have two choices: one is to fight against your opponents in areas which they are better than you; the other is to stay in the area where you

excel. Which one do you prefer? (BC5)

In conclusion, given the uncertainty of possibilities and unexpected costs to merge, NPOs turn down the idea to merge and stay in their own territory with more attention to respective networking. The “clear ramparts without merger” has merits to diversify social welfare delivery as more opportunities for various resources can be found from different alignments. In McAdam’s (1996) framework, the third dimensions of political opportunities is about the importance of informal power relations in a structure. It can also be applied to understand why NfE have no will or capacity to merge. With concrete forts constructed by tangible and intangible resources from alignments, NfE can defend themselves and find their legitimacy.

With few structural incentives for NfE to merge, the clear ramparts indeed encourage them to focus more on networking with stakeholders but withdraw them from interacting with peers. One may find it tricky as NfE network with various stakeholders and there is quasi-subordination between NfE and their partners whose clients are not exclusively the elderly. But NfE intentionally avoid interaction with peers. What is the rationale for NfE to maintain such a gap in their networking configuration? Can non-networking with peers bring NfE any benefits? Clear ramparts bring comparative advantage based on which NfE can focus on their respective niche and unique strength. The term, structural loop, is

coined to crystallize the underlying mechanism of structural advantage.

5.4.2 Structural Hole Advantages Secured by Structural Loop

At the level of organizational field, for the reason of resource management it is good that different duties and concerns are undertaken by various actors who have the capacity to do so. But the fact that each player has its respective role and function does not denote non-networking among them. Why do NfE serving various functions tend not to network with each other?

NfE tend to network with all kinds of stakeholders except their counterparts. In quasi-subordination, one side is NfE whose clients are exclusively the elderly and the other side may partially include the elderly as their potential targets. The term “structural hole”, coined by Burt (1992) to crystalize his social capital metaphor, is not sufficient to depict the whole picture in this study. Structural hole is the basic element in Burt’s insights about network-oriented competitive advantage, and with structural hole one can additionally benefit from non-redundant ties. The core idea of structural hole is to be the hub of a network and to acquire as many irredundant resources as possible. Obviously, the government as the major buyer in the welfare delivery system is in this study the actor

with higher network centrality and more structural holes, but it does not always act as what Burt proposes. It has control over the institutionalized arrangements of projects, but it does not always position itself as a broker to benefit from information circulation and opportunities referral. If NfE are willing to network but fail to do so because of the government's agenda to maintain its own structural hole advantage, then Burt's arguments can be useful in this study. However, the government has no such agenda whereas NfE have no intention to network with peers. A good example is the lack of networking among NfE. Though the government has joint meetings where NfE can meet up, it does not actively introduce NfE to link with each other, nor is it eager to match candidate NfE in potential joint tasks. Consequently, NfE may not be aware of the existence of other peers or may not have the intention to network with them because each is in respective sets of networking clusters and concentrates on its own operation. Obviously Burt's structural hole theory cannot help to explain the puzzle thoroughly and this is why the concept of "structural loop" can work as the breakthrough point.

The term "structural loop" accounts for the gap in NfE's network mapping which looks like a missing jigsaw puzzle due to the absence of peers. With respective constituencies, NfE find it unnecessary to interact with peers and tend to detour them. But they are willing to network with all other kinds of stakeholders. Even when any two of them are

connected through a third overlapping party, the gap is not filled. Ideally these NfE can share complementary information or resources and the third party can function as a bridge, but in reality structural hole advantages for the third party are not generated while structural loop benefits NfE who intentionally avoid interaction with peers. Two perspectives explain why structural loop exists in the NfE industry.

Structural competitiveness perspective

Structurally, each NfE occupies an advantageous position and there are few structural incentives for their mutual networking. Each NfE features and maintains its specialty by delivering specific services in different communities and this is how they secure competitiveness and pragmatic legitimacy. Each has its own point of force application in the arena and each must network with its own stakeholders so that services can be delivered. Compared to that, networking with peers does not guarantee returns but certainly it is challenging and demanding for NfE. The fact that each NfE is able to develop its own oligopoly market in this industry is the structural reason for clear ramparts among peers, which in itself can also be thought as the by-product of the ego-centered networking characteristics.

Institutional settings perspective

In order to better explain why NfE tend not to network with peers, we can compare two industries: NfE and NPOs for the disabled in Taiwan. In the latter case, there is a giant NPO and other smaller players in the organizational field. The government's welfare policy for this industry differs from that for NfE. Welfare delivery programs are all outsourced through one channel by the central government. This means all actors compete against each other on the same platform and the government can intentionally favor smaller NPOs through institutional design and ratio distribution⁷³. Moreover, all other smaller actors establish an alliance to share complementary resources and compete against the giant one. It makes sense for smaller actors to join the alliance and network with peers since they can all benefit from the alignment.

CCCP, however, varies tremendously. Bidding and contracting are arranged at the county level and funding is dispatched to each county government. The only exception is when communities are seriously influenced by natural disasters such as typhoon or earthquake. Under such circumstances government-sponsored funds cover a bigger geographic range and NfE winning the bid can thus run CCCP not only in a county. From NPO A's expansion in the south and the central after natural disasters⁷⁴, we can see NPO A creates its own branches after winning CCCP and seeks supports from local leading entities in

⁷³ For example, each applicant, no matter its size and capacity, is allowed to apply for a specific percentage of the whole package. This is not fair for the giant NPO but is a good news for all other smaller ones.

⁷⁴ The former was hit by a typhoon while the latter was destroyed by an earthquake.

those areas. Besides, local-oriented networking configuration is also found in NPOs C and D though their networking scale is much limited since each runs its CCCP at the county and village level accordingly. Moreover, the umbrella organization for NfE, the FEW, is loosely governed. This differs from the alliance of smaller NPOs for the disabled where strong mutual support is recognized. Among the four NfE in this study, only NPO A joins the FWE but it does so only for formality reason. With advocacy as its mission, the FWE fails to motivate its member NPOs who do not actively participate in its lobby and seldom network with other members under the same umbrella. It makes little sense for NfE to join the umbrella or even to network with peers. This again is very different from the close links among smaller NPOs for the disabled.

To wit, when government releases funding opportunities, resources are already distributed at the county level. NfE thus find it of greater importance to network with stakeholders in communities where their implementations take place, rather than counterparts located far away. As NfE with their own agenda already construct networks and access resources of their own needs, there are few opportunities and incentives to access resources through counterparts and there is no need to approach potential stakeholders through peers. NfE can sustain from their own channels which are independent from each other.

The same situation happens when the funding body or resource provider is from other sectors rather than the government. For example, the tobacco company works with NPOs A and B. The funding principles for private sponsors and public agencies are the same – they tend not to support organizations of the same kind. Instead, they try to diversify issues and groups of their concerns. With NPOs A and B, the tobacco company has signed disparate contracts specifying distinct job descriptions. The company distinguishes NPOs A and B based on their specialties and thus can legitimize its own repeated collaborations with organizations of similar kind as its budgeting is internally monitored. NPO B is considered as a different case from NPO A as it is hard to copy its profession. But this is not the case for NPOs C or D. An NPO may worry that the more networking it has with its peer, the more homogeneous they are considered by funders. Because only one player can eventually be endowed resource and the smaller one is usually the one to be replaced, obviously this is not of smaller NPOs' desire – they need to secure resources and legitimacy for their survival. Overall, although those in the private sector have more budget flexibility and are not like the government who must avoid intentionally profiteering specific entities, still we can see diversity as the same principle for sponsors from various backgrounds. Since networking with peers may lead to homogeneity and thus threaten smaller NPOs' opportunities to receive funding, their self-protection

mechanism is activated through structural loop.

Moreover, it is also clear that the government respectively feeds different NfE with various contracts and outsourced projects. NfE are thus busy in substantial programs in welfare delivery and to a great extent ignore lobby and advocacy. Compared to previous generations before 1993, current NfE no longer compete together against the State as they are intentionally incorporated by the State into its troops. In other words, the social force of NfE as a key actor in the civil society is indeed crippled intentionally by the State. NfE's weakened lobbying capacity also relates to structural loop.

Overall, structural loop for NfE serves several functions. With structural loop and quasi-subordination, NfE build their own territory, consolidate pragmatic legitimacy, and thus are protected against potential threats from outsiders or peers. Structural loop also helps NfE to store resources within their own territory and protect resources circulation away from competitors' invasion. We can now consider quasi-subordination in a new lens and develop an integrated framework composed of both quasi-subordination and structural loop. A complementary bilateral relation where heterogeneity functions more than homogeneity features in quasi-subordination. Each actor has its niche and worries less whether others have interests or capacity to intervene its territory. Reciprocity can

activate collaboration which is usually temporary and project-oriented. The more vulnerable side may eventually be subordinated to the more powerful one, and this is especially true between NPOs at different levels, such as NPO A and other grassroots civil associations as its subordinates. But even though collaboration is made possible, still we can see two sides do not comprehensively embrace each other since the subordinates still have precaution against the superiors. This is why the subordinates still keep their independence though on the surface they look dependent on their superiors. On the contrary, structural loop works when there is more homogeneity than heterogeneity in a relation. Networking with peers weakens the structurally advantageous position of NfE that worry they may be replaced by peers reaching into their territory. The result of networking with peers is, as CEO C observed, to “set a fox to keep one's geese”. It therefore makes little sense for NfE to network with peers.

To summarize, quasi-subordination and structural loop verify and justify each other since the former consolidates NfE's domain and the latter prevents their domain from being invaded. Flat alliance forms accompanied with quasi-subordination help NfE to thrive flexibly in various local contexts while structural loop leads to evident splits and clear ramparts among NfE. Both locality and supply chain are the key factors to modify NfE's networking and non-networking. It is the elderly's demands in specific locality that grant

NfE's legitimacy and the catalyst of NfE's networking is to fulfill the elderly's diverse demands with resources from various sources. Moreover, NfE identify and develop opportunities through networking. Project by project, NfE survive neatly in a competitive industry by collaborating with partners. But they see fewer advantages and more disadvantages in networking with peers. By networking with partners NfE can also have more capacity to detour government's intervention. In the next section, we will move on to the topic about NPOs' networking rationales.

5.5 Rationales of Networking

This section is meant to analyze why NfE are engaged in networking with their stakeholders. Since NfE do not network with peers but with stakeholders, it is of great necessity to consider stakeholders' viewpoints and observations in this section. While bypassing the institutions and the State is a common reason, we can also recognize striking different rationales among the four NfE.

Bypassing the institutions and the State

NfE develop alternatives to secure resources and consolidate legitimacy. The State is the most important buyer for NPOs, but since satisfying results are not always guaranteed

when negotiating with the State, NPOs consequently find it necessary to network with other stakeholders. Their efforts in this aspect also crystalize their capacity. Detouring from the State allows NPOs to avoid both the supports and constraints imposed on NPOs by the State. Among the four NfE, NPO A is the most active to network with the State. NPO B became alienated from the State immediately after its establishment because of registration difficulties. The new NPO D becomes self-contained and shuts down all its links with outsiders including the State, though it used to be active in networking under the leadership of CEO D0. Compared to them, NPO C has quite a different story. It was frozen by the county government after it failed its electoral gambling. A double-detour strategy is thus developed by NPO C.

First, NPO C bypasses the local government and links with the central government. In its headquarter, we can see CEO C's photos with current and previous presidents, vice-presidents, the premiers of the Executive Yuan, and other leading political figures. CEO C is proud of his good relationship with politicians in the central government and is never shy to hide it. Second, NPO C even bypasses domestic government and appeals for support from international forces. With other two partners from China and Hong Kong⁷⁵, NPO C formed a cross-strait coalition for NfE in the hope that its status and reputation

⁷⁵ When the DPP was ruling the central government in 2000-2008, NPO C focused on networking with Japanese NPO partners.

might be advanced through endorsement from abroad. NPO C's deliberate bypassing local government can be verified by the fact that NPO C is not invited to participate in the "Forever Young Festival" initiated by its own local government. To differentiate itself from the local government, NPO C collaborates with its peers in Hong Kong and China and launches its own version: the Asian Pacific Elderly's Festival.

Networking of operation or operation of networking?

While NfE decrease interaction with the State, they are all eager to network with right partners, though their underlying rationales vary and can be divided into two groups: NPOs A and B and NPOs C and D. Quantitatively both two groups facilitate networking but respective meanings are qualitatively different. Since NfE's networking practices include their own networking with stakeholders and their facilitating mutual introduction among partners, below we elaborate these two aspects accordingly. The former is examined in two ways: concerns more about quality or quantity and the extent to which primary functions are neglected consequently. Yet, there are two ways to study the latter: how network members are integrated and how resources are allocated.

5.5.1 NfE's Own Networking with Stakeholders

Two issues emerge when NfE's own networking with stakeholders is analyzed. First,

concerns more about quality or quantity differentiate NfE. Second, more concerns about quantity leads to the fact that some NfE may eventually go astray with their autonomy harmed and primary functions neglected. Before differentiating NfE based on these two criteria, we shall keep in mind that the four NfE are intrinsically different in terms of their financial structure though their diverse income composition is a common feature: NPOs A and B are founded with money; NPOs C and D are membership associations. NfE used to depend on the government as their major financial source as they receive money from the State and deliver welfare services accordingly. However, the composition of their income becomes gradually diversified. Government funding is no longer their only income source while donation, next to government funding, has witnessed a shrinking importance. Taking NPO A as an example, the percentage of donation for NPO A's annual income increased from 13% in 2005 to 21% in 2007 and has maintained this level. But the importance of donations decreased as NPO A had more channels to generate income. After NPO A implemented its flagship event "Go! Grand Riders" in 2007, NPO A received more cooperative invitations as it was a huge success.

TV advertisements, documentations, and films...etc. all these opportunities came to us after the event. (AH5)

Diversification of income sources is the same for other three NfE. Their respective average percentage of income sources is summarized in the following Table 5-2.

Table 5-2 The average percentage of income sources for NPOs A, B, C, and D (%)

	NPO A	NPO B	NPO C	NPO D
Public donation	15	23	5	N/A
Outsourced projects from the government	25	9	35	N/A
Board of directors ⁷⁶	4	15	N/A	N/A
Coop with private companies	20	2 ⁷⁷	30	40
Coop with other NPOs	13	4	10	N/A ⁷⁸
Innovative projects, events, and direct services provided by NPO themselves	17	43	20	N/A
Membership fee	N/A	N/A	N/A	60
Others (saving interests...etc)	6	5	MINUS	N/A

5.5.1.1 Concerns More about Quality or Quantity?

While “quality matters more than quantity” (AH1) and “one tie is enough if you really

⁷⁶ NPOs C and D set up their boards of directors only for formality reason. Directors of board for them do not have financial support function.

⁷⁷ In 2010 NPO B collaborated with the same tobacco company who is then with NPO A. In that year the percentage for NPO B’s income sources was different from that in 2011.

⁷⁸ The percentage for NPO D in 2007 was different: 80% from the lottery foundation, 10% from members, and 10% from government projects. This figure constantly changes. Among the four NfE only NPO D has membership system.

make the most of it” (BH2) are networking principles for NPOs A and B, “as many ties as possible” (CH1) and “never stop searching” (DH0) are the creed for NPOs C and D. Why can NPO C accumulate numbers of ties rapidly? A scholar helping NPO C’s fundraising explains:

I’m sure as a student you can imagine this. They just copy and paste. They rely on previous achievements and amend the title of receivers when preparing a new networking proposal. So easy. (ES17)

However, too many ties are accompanied with too little time to manage. NPOs C and D used to have in-depth management of ties, but gradually partners keep away from them after realizing they do not productively facilitate substantial collaboration. To compensate, they engage in endless tie construction in order to accumulate more chips and capture more opportunities. CEO C’s confession vividly demonstrates the crux of the vicious circle:

I know, but what can I do? I already spend so much time in networking and there’re hopes in networking. You want me to give up? No, I’m not so stupid. (CH1)

CEO D0 also admits:

Maybe I’ve got my right partner now, but why limit myself to only one? It’s not wise to put all eggs in one basket. It’s better to accumulate chips continuously, isn’t it? (DH0)

CEO D0 is usually calm when interviewed but only once he used strong language when

talking about his networking:

That's really bullshit. You must know my success starts from networking⁷⁹ and I keep cultivating all potential ties. I try my best not to miss any opportunities. Sorry but the real world isn't as simple as you guys in academic imagine. Don't be naive. I have spent so much energy in casting, I'll blame myself if I stop in the middle. I must insist. Forget theories, be realistic! (DH0)

Both groups develop strategic cooperation modules with various partners, but NPOs A and B's approach is more quality-oriented and institutionalized. This does not come in a sudden but is based on mutual understanding gradually cultivated.

Before we didn't appreciate opportunities to work with private companies. When they presented proposals we didn't know what to do because we're not familiar with each other and we're afraid our "not-for-profit" philosophy would be destroyed. But now we know as long as we choose the right partner based on a better mutual understanding, it shouldn't be a problem. (AH3)

When more invitations arrive, the next issue is how to select proper partners. NPO A'

Head of Cooperation comments:

Not all private companies only think about money, but some do! In my position I must judge if one company has good management and is a good partner...But it's not me to decide everything. Normally my team presents our observation about each candidate partner to the committee so that a final decision is made with our internal SOP. (AH4)

NPO B's deputy secretary mentions:

Now we're much more confident as we have developed internal

⁷⁹ First with Prof. ES4 and then with the lottery foundation.

institutionalized SOP to evaluate potential partners. (BH2)

Its chairperson of the board admits:

We've limited capacity but we try to take good care of each relation. As long as we're engaged with someone, we want to do our best to strengthen that link. (BH4)

On the surface NPOs C and D are also internally institutionalized but literally they are not.

NPO C has various network ties as CEO C believes more opportunities come together with more networks. He is good at networking which in return brings NPO C such resources as human resources, substantial goods, and information to apply for more projects. However, while he welcomes all kinds of cooperation, he rejects "his own NPO" to be bought by other entities.

We've suffered from financial instability so we try to find as many opportunities as possible. But we don't want to sell our brand. There was another foundation offering their help and we had a very happy interaction. But then they wanted to buy 51% of the right of my NPO... Sorry we couldn't accept that. (CH1)

When the new management team claims that CEO D0 is fired because of his corruption and close relationship with outsiders, they are trying to find their own legitimacy by a transparent financial report and a clear-cut relation with the government.

Before, we got lost in the pursuit of funding and relevant compliances. We should return to the community and listen to voice of the elderly. We decide to be self-sustained and our members support it. We still welcome cooperation but

we just want autonomy. (DH1)

One may expect that NPO D becomes more financially healthy and internally institutionalized after its personnel turbulence. Ironically, it was not the case since the new management team suffered from problems which never happened before. CEO D1 does not have direct commercial interest from the community, but two of his managers DH2 and DH 3 do. They are both businessmen cultivating herbs and Chinese medical plants in the community without paying rent and collect free raw materials from local elderly who are their free labors. Professor ES4 who has worked with NPO D for five years observes:

Governance is the fundamental problem. CEO D0 is too over to make money from all kind of channels. The new camp looks totally different because they don't network with outsiders at all. Now they cut all ties. Why? On the surface they claim a financially independent life. But some heads just utilize free lands and labors for their own commercial interest. One has his own Chinese traditional medicine shop while the other is running his herbs workshop. In this aspect I cannot tell the difference between the old and new camps. (ES4)

The myth here is by cutting relations with the government, NPO D seems to maintain its autonomy; and through a transparent financial report, it seems no one is misused anymore. In fact, the new management team's transparent financial report excludes the two businessmen's private bank accounts. When NPO D is claimed to be self-sustained, the argument is for the two businessmen's commercial advantages. Moreover, NPOs C and D tend to be multi-taskers in straddling on two boats simultaneously and never concentrate

seriously on one relation. This keeps away prospective stakeholders, and they thus find it necessary to make more efforts again in networking. This is a vicious circle and consequently, accomplishment comes from increased numbers of network ties rather than serious interaction.

If other side has no reply, I immediately move to the next possibility. It's their fault not to appreciate our ideas. I don't waste time and do my best to find more opportunities. (CH2)

But why do NPOs C and D not worry that hunting with scattergun may eventually lead to nothing harvested?

CEO D0 is smart. He always keeps in his pocket at least one loyal partner in each industry with whom he's entitled to reunite if something goes wrong in his hunting. So he has nothing to worry about and can keep hunting. (DH3)

CEO D0's own comment echoes DH3's observation.

You must always have Plan B because your Plan A may not always work. (DH0)

Do more efforts in networking guarantee successful maintenance of a relation? The answer is NO and the importance of network ties is diluted because they have many no-so-important ties but little time to manage. Two reasons explain the eventual failure of their networking efforts. First, sometimes a match is intrinsically not a good one because of subjective or objective reasons. CEO D0 defends:

Maybe what they're doing is not of our interest; maybe one is looking for a one-off but the other wants a long-term relationship; maybe both want a long-term relationship but one is more aggressive and wants to control more; maybe we're simply far from each other geographically so it makes little sense to network. (DH0)

Second, as more time is required to maintain a good relationship, when one side acts with undue haste or goes about impetuously, usually the result is opposite to the expectation. A

long-lasting NPO partner reminds:

It takes time to build trust so you must do things slowly. Normally in a networking proposal the one actively taking action too quickly is eventually the loser because the other side may think you need him/her more than he/she does. You then make yourself vulnerable. (DN6)

The result, as what the new deputy general manager sarcastically described, is:

Efforts in vain, with time and reputation evaporated. (DH2)

Table 5-3 categorizes three aspects of the quantity-oriented networking while also highlighting concrete comments from actors involved⁸⁰.

⁸⁰ Though there are one-off and short-lasting ties in the networking practices of NPOs C and D, still they manage to keep enduring networks with some stakeholders who clearly are aware of their vicissitudes and thus can be ideal informants.

Table 5-3 Citations about how NPOs C and D's networking is interpreted, from both perspectives of NPOs per se and their stakeholders

Citations of similar ideas clustered (sources from which observations are cited)	
Hopes in the next	never satisfied with status quo (CM4); for the time being never good enough (DG4) I am confident that we are good enough and deserve better matches (CH4)
	a better one should be the next (CC20); the next could be better (DM6); the right partner is always the next (DP2); the next will be better and even the best (CN11)
Opportunist	He [DH0] believes that more opportunities are hidden in unknown networks which deserve more exploration (DH2). eager to explore more opportunities that may come from the unknown (CG3); he never gives up any chances (DC1); as long as there's a chance, go for it (DH0); give yourself one more chance, maybe the right partner is there, but if you do nothing then chances evaporate and the right partner is gone forever (DH0); if you don't give it a try, you'll never know (CH4); you lose nothing if you try, it only costs your time (CH3); Everyday when I wake up I always remind myself to find opportunities. I must confess sometimes I find myself like those who are alcoholic or shopaholic, I just cannot stop searching or asking partners if they know any candidates who might be interested in my new projects. After all our NPO is self-sustained and as the CEO I have responsibility to find more opportunities. (CH1) He's like a salesman trying to promote his products in the market and wishes to find those with good tastes to appreciate his ideas. (DG3) I'm like a fisherman casting a net and looking forward to a good catch. (DH0) All the time you can tell that he's looking for opportunities and won't let any opportunity go away. (DG4) He makes me believe that he's got internet addiction disorder. He keeps checking his Email box to avoid missing any good news. (CC2-1)
	Don't you think normally those who pretend to be innocent, pure, and fresh are butterflies? Well, I don't say they are prostitutes. (CN5) Normally those who claim for a stable development end up flirting around. (CN18) At beginning they don't specify their agenda but after circumambulations they make it clear that they want to collaborate. They make it undisguised and ask what I am looking for and where I see collaboration chances. (DN5)
Superficial	

Compared to that, NPOs A and B do not actively take action in networking proposals that often. They tend to concentrate on their duty and they have more opportunities to receive partners' invitations. For them opportunities are in existing networks and can bring more networks. Table 5-4 summarizes and compares networking with stakeholders between NPOs A and B and NPOs C and D.

Table 5-4 A comparison of networking with stakeholders between NPOs A and B and NPOs C and D

	Networking of operation for NPOs A and B	Operation of networking for NPOs C and D
	NPOs do networking mainly for the operation of projects	Networking other than primary functions feature in NPOs' operation
Intrinsic differences		
Financial base of NPOs	Founded with donation, typical examples of foundations	Founded without donation, typical examples of membership associations
Hopes in the next		
Concerns more about quality or quantity of ties?	Quality (as productive as possible)	Quantity (as much as possible)
	Intensive cultivation	Extensive cultivation

Motivation	NPOs anchor their hope in themselves	NPOs anchor their hope in others
Opportunist		
Attitude	Eager to find right partners but selectively	Eager to find right partners and all are welcome
	Deepening mutual understanding	Cumulating chips continuously
Successful matches depend on	Careful evaluation and continuous tender care of the relation	Increased probability as a result of hunting with scatterguns
Superficial		
Importance of network ties	Strengthened if selected as network members	Diluted because of too many not-so-important ties ⁸¹
Selection process	Transparent with SOP	Not transparent and without SOP
Degree of institutionalization in selection process	High, with SOP, decided by the committees	Low, case by case, decided by CEOs

5.5.1.2 Utilitarian Networking with Primary Functions Neglected

⁸¹ Though NPOs C and D try to establish as many ties as possible, unfortunately a great proportion of their ties are not really functioning and are more apparent than real.

NPOs C and D's more concerns about quantity further lead to their losing direction when engaging in utilitarian networking. Networking for them is more for their own interest than for stakeholders'. CEO D0 is good at networking and fundraising, which he claims is for the community itself.

After retirement I wanted to contribute my media profession and bring more resources into my community. I couldn't pretend I'm thinking of partners when doing it. (DH0)

CEO C is keen to network with any commercial companies who are interested in the silver market. An insurance company and an anti-cancer pharmaceutical company have business plans through NPO C as the channel. Both agree that NPO C is instrumentally important for them to penetrate into the silver market as the elderly tend to believe those with whom they are familiar. This is exactly NPO C's niche. CEO C understands and takes advantage of it. NPO C's strategy is marketing itself as an engine that can mobilize local elderly. "People bring cash flow", said CEO C, demonstrating that for NPO C the elderly are more about cash than responsibility. NPO C launched its insurance project in 2011 and it was hoped that commission from the insurance company would be its major income.

I think it's a good way for us to less rely on the government. I know some

people may worry that our NPO will be taken over by private companies. But that's not true. A company wanted to buy 51% right in our board of directors with a large sum of money, but my father rejected it. We still want to have major control over our own NPO. We're happy to help these companies' business and we can teach them how to approach the elderly. But we don't want to lose our control. Apart from this, we're very flexible. (CH4)

With hopes in the next, opportunist, and superficial as the three aspects of NPOs' own networking, we can claim that quantity-oriented networking occupies most of the energies of NPOs C and D. Degrees of networking impact on NPOs C and D are higher because they easily give up principals when networking. It is also related to their internal management structure since both have a nuclear family as the management team which is patriarchal. Though NPO C releases five positions to its media and commercial partners⁸², final decisions are still on the family, or more specifically its father who is the CEO. In NPO D under CEO D0's leadership, transparent decision making with SOP is also rarely found. Another example is the afore-mentioned selection process without institutionalized SOP. All these explain why it is difficult to return to their previous healthy networking of operation when they are inclined toward quantity-oriented networking and thus are sucked into a vicious circle. What is worse, it turns out that

⁸² CM1 works as the chief editor of its weekly newspaper to members; a lady from a public relation company CC8 is invited to take a position titled as marketing director; a freelance radio presenter who is also running his own dating business leads NPO C's "Late Spring Club" and coordinates its events; and a director of a cram school is in charge of NPO C's English teaching activities.

gradually NPOs C and D go astray when engaging in over-networking and neglecting their primary functions. It is thus necessary to further specify how over-emphasis on quantity and less engagement in primary functions negatively influence their achievements.

Because there are many channels through which NPOs can easily get to know more partners, NPOs find it easy to maximize their ties. Moreover, there are no restraints about the content of interaction and it is made covert in the name of confidentiality. The situation worsens when networking is under-the-table since two parties involved have an unspoken consensus to avoid talking about it, especially when their certain behaviors are legally questionable or the encounter is just a one-off. The CEO of a foundation doing NPO studies in Taiwan has a vivid comparison on NPOs A and B and NPOs C and D.

For NPOs A and B, networking list is made overt because they don't find it not necessary to hide it and networking for them is like singing a song under the sunshine. But for NPOs C and D, it's like dancing in the darkness. Except for showing off, they tend to keep networking list covert and avoid partners from knowing each other. (AN9)

When NPOs C and D experience from external or internal radical changes⁸³ and thus

⁸³ After NPO C lost its gambling in local magistrate election and when NPO D underwent internal personnel changes.

need resources from elsewhere, it becomes difficult for them to resist the temptation of interest brought by expanded networking. A manager in the insurance company interprets alternatively:

Maybe I can put it in another way. They suffer from problems and thus are motivated by money; we can provide professional services which they're not able to. That's why ours is a good match. We know the elderly tend to be conservative and consider insurance companies disdainfully. Working with NPOs is for us a good protective coloration. We know how to approach the elderly in a less aggressive manner. (CC4-2)

Moreover, NPOs C and D's networking practices do not only leave their own primary functions negatively influenced, but also impact on the other side engaging in networking with them. Another manager of the insurance company confesses:

If I say I'm purely a philanthropist then I'm lying. I must be careful if I want to make money from the elderly. That's why I need NPO C. I know they have problems but I don't care because making money is my main purpose to approach them. (CC4-1)

NPO D's commercial partner also admits:

It's a one-off and doesn't last long. After that we finish because it's not worth investing in too much energy and resources. (DC1)

Table 5-5 highlights corresponding observations of their stakeholders and demonstrates

that the neglect of primary functions is the negative side of over-networking.

Table 5-5 Networking rather than primary functions observed by NPOs C and D's

stakeholders

They can simply escape reality and indulge themselves in networking. Because there might be some chances to get feedback from networking, they can still convince themselves that as a social force their mission is economically not sacrificed; it is still highly hoped that they can survive and even harvest with less efforts from networking. (CG2)
They fool around and don't engage in their primary functions; these are neglected for so long that they don't even know where to start from again. (CN20)
In their imagination networking matters more than R&D even though networking proves to be endless and effortless trial and error. (CC13)
They focus on networking but forget their original duty. They used to develop good models of service delivery but now they take previous achievements as the pie in the sky when marketing and advertising themselves. (CP4)
Though they believe progress is activated together with networking, actually they're vulnerable and cannot afford losing important partners. A convincing example is NPO C's dramatic deterioration after losing its gambling in the local election. (CN1)
Immediately after realizing it's not a good match, we stop to save time and energy. (CH4)
Attention is more on building ties rather than making itself better. (DC2)
They decrease their R&D in service programs and have stayed the same over recent years. (DG3)
They dream all day that gifts will fall out of the sky. (DP2)
No more new programs are developed and they live off their past gains. (DM6)
Focusing on networking desperately is also to conceal his incapability in programs R&D. Look, he always says "we've got this and that offer...etc." Sounds very promising and prosperous. But you seldom can hear "we've finished this project." That's tricky and I thus assert something has gone wrong inside. (DN6)
It takes advantage of its partners for free offerings (CC6); it takes different advantages from different partners. (ES2)

5.5.2 NfE Facilitate Mutual Introduction among Partners

Different networking practices between NPOs C and D and NPOs A and B are recognized not only in their own networking with stakeholders, but also in their will to facilitate introduction among partners. The distinction of NPOs' overt or covert networking list also implies that they have contrasting agenda about whether they should facilitate networking among partners. This can be further examined with the degree to which network members are integrated and resources are distributed.

5.5.2.1 Are Network Members Integrated?

On the surface NPOs C and D like to show off their partners with whom they have a good relationship and this is what they desperately want to open to the public. However, a huge proportion of their networking list is made covert because: (a) the encounter lasts a short while and is even a one-off; (b) the community involved in ageing is a small world but with structural loop it is still possible to manipulate since actors may not know each other; (c) balance of terror: disclosure of inside stories may harm each actor involved, including

NPOs and their stakeholders. NPOs C and D tend not to facilitate mutual introduction so that they can maintain their advantageous positions and benefit from such artificially-manipulated structural holes. Because their strategy is to straddle over two boats simultaneously and benefit from both, they find it not wise to let partners know each other. Such an agenda relates to NPOs' expectation for a better future with alternative backups.

CEO C doesn't like to introduce partners to know each other because if he does so he loses his residual value for partners and cannot be the one with the most structural holes advantages in his networks. (ES8)

The truth disclosed by ES8 demonstrates that neglecting primary functions transforms network ties as NPOs' residual value. The leader of a religious NPO approached by NPO

C recalls:

Let's say, I'm his Partner number One. He's happy to show me his success stories with his Partner numbers Two, Three, and Four. But when I ask him to introduce me to the other three, he either says those three aren't ready to make new friends otherwise it's overloading for them, or he just refers me to those with whom projects are finished. In the name of confidentiality, he decides what to disclose. (CN2)

NPOs C and D endeavor to maximize desired outcomes from each partner while also preventing partners from knowing each other in order to maximize their own benefits.

Their reputation consideration⁸⁴ is also different from that of NPOs A and B. For them, it is of great importance to show partners that they are good at networking and mobilizing resources. This explains why they endeavor to show off their networking achievements. They position themselves as brokers to take advantage of networking efforts while NPOs A and B mainly find it necessary to activate their bridging function under project-related conditions. NPOs A and B's interaction with partners is more based on substantial on-going projects. They do not actively overuse their bridging function and if they really facilitate mutual introduction, it mainly happens when all involved parties sit down to discuss a specific project. BC3, 4, and 5 are all nursing home partners of NPO B interviewed. They all complain NPO B only facilitate necessary mutual introduction but appreciate NPO B's taking responsibility afterwards.

I always complain but NPO B insists its principle. It performs mutual introduction only when it's practical for a joint project. (BC3)

BC4 is an overlapping partner of NPOs B and D and thus can offer a convincing comparison.

NPO B should be complained about since it doesn't do as much mutual introduction as I request. But it's good as it cares about what goes on afterwards.

⁸⁴ To be more accurate, reputation is “mianzi” in Mandarin.

NPO D is much worse because it's reluctant to introduce its partners to me. When it occasionally does the mutual introduction, it just lets it be without asking any follow-ups. (BC4)

A tobacco company⁸⁵ and a company selling artificial teeth care products know each other through NPO A's introduction when three parties were all involved in the baseball championship. Both are international companies' branches in Taiwan but the former is from a more controversial industry. It clearly understands that it must be careful when doing CSR projects.

I know we're in a controversial industry so we must be careful when doing CSR. We used to work with NPO B, and now with NPO A. Both have introduced partners to me when necessary. As the elderly are not our targeted clients, they only do promising matches for us. (AC1-1)

Another manager of the tobacco company mentions that institutional trust matters and it is only possible when the regulation creates a friendly institutional environment.

We cherish NPO A's trust so we just follow our mutual written agreement and never sell products. It's also in line with government regulations. We know at this moment another NPO against smoking is lobbying to forbid tobacco companies from all kinds of CSR. If the government accepts it we certainly won't have the capacity and legitimacy to run CSR in Taiwan. (AC1-3)

This differs from BC4's observation about NPO D.

⁸⁵ NPO B's most important commercial partner to date is exactly the same tobacco company.

NPO B does mutual introduction only when necessary for a project. But NPO D does much less. Honestly, when NPO D really introduces its partners to me, I worry how to maintain the weak mutual trust. It's always case-by-case and very time consuming. It's never institutionalized, depending on different personality. If you ask me, I prefer NPO B's style. Everything is institutionalized, easy to follow. (BC4)

It is in line with NPO B's self-evaluation.

As a small NPO, we don't have a huge budget for marketing. But we know that a good relationship with partners matters. Our mutual trust doesn't fall from the sky, nor is it based on trust at personal level. We establish our own networking principles for the organization, and it also makes it easier for partners to follow us. (BH2)

But why do NPOs A and B and NPOs C and D have contrasting ideas about mutual introduction among partners? A professor famous in NfE studies offers her insights:

MOS Burger buys tomatoes through the agriculture products information traceability system. They don't worry if customers know their suppliers because their know-how is difficult to copy. NPOs A and B are like this, but NPOs C and D are not. They want to be brokers taking advantages from sellers and buyers at the upper and lower ends. Hence they intentionally stop stakeholders from knowing each other. (ES15)

Overall, the striking contrast between the continuing prosperity of NPOs A and B and current deterioration of NPOs C and D who monopolize benefits of structural holes proves that structural holes per se are not as advantageous as Burt (1992) suggests.

Structural holes function much better if actors with hub status are willing to share. The extent to which focal NfE are willing to share with partners in their networks can be examined not only in how members are integrated but also in how the resources embedded in their networks are distributed.

5.5.2.2 Resources to Be Shared or Monopolized?

NPOs A and B are more willing to share resources with their stakeholders. The resources here can be in the form of human resources, substantial goods, free venues, collaboration opportunities, and information exchange. Compared to NPO A, NPO B has more limited partners since it focuses on its unique dog therapy. However, even with fewer choices, NPO B still shares resources.

We introduce a tobacco company to our media partners as we believed it was good for this company's CSR images. Maybe something new can be initiated between them and we're happy to see they establish their own relation after our introduction. Though they're different in nature, we shouldn't rule out cooperation opportunities. You never know what might happen. (BH1)

NPOs C and D are utilitarian as they intentionally make their networking list covert for their own interest. By doing so they also monopolize resources embedded in their

networks. CEO D0 admits:

Letting partners know each other might be good for them, but is definitely not good for us, especially when they're similar in profession. Each relation differs and I can maximize mining from various ties. If I do the mutual introduction, then actually in each professional industry I only have one partner left. That way, I put myself in a less advantageous position. I'm not so stupid. (DH0)

NPOs C and D though seem more active than NPOs A and B in socializing, are indeed quite stubborn to share advantages acquired through their network position. NPOs A and B integrate resources from various sources and generate new projects. Partners covered by their networks also benefit from their efforts. The dental care products company is introduced by NPO A to its partners engaged in the fitness championship.

It's unethical for a private company not to make money, but we only set booth to promote our ideas for free since we're not allowed to sell anything according to the contract. It's fine because we have exposure in the events and can get to know others for future projects. (AC2-1)

We want to spend CSR budget wisely, so we choose NPO A because many elderly come to its events. Although we cannot sell products and only do good things for free in their events, our visibility with the elderly is increased via NPO A and our reputation spreads. For collaboration or information exchange, it's worth it. (AC2-2)

The similarity between the tobacco company and the dental care products company is that

both follow the rules; the difference is, however, the latter has more direct return as the

elderly are the major market for its products. Its commercial agenda is more obvious and illustrates for-profits still remain in its commercial spirits no matter what nonprofit argument is claimed in its legitimacy appeal. Overall, NPOs A and B's private partners follow the way of NPOs and never cross the boundary while also keeping their business agenda in mind.

Though NPOs C and D's own networking with partners is quantity-oriented, they are not keen to introduce partners to know each other. Moreover, they do not make as many efforts as NPOs A and B to circulate resources and benefit their network members. As NPOs A and B shape themselves as a hub platform on which resources from all partners converge, without them it could be difficult for resources scattered around to function jointly. It is also challenging for the respective capacity of each actor involved to work efficiently toward a specific goal. We can therefore conclude that through such arrangement NPOs A and B strengthen their own position and status in their networks. Compared to that, structural holes are more for NPOs C and D's own interest. The rationales and means to maintain structural holes vary between these two groups. For NPOs C and D, resources and advantages acquired through structural holes are to be

occupied and monopolized as a means to generate self-interests, demonstrating again that their networking is utilitarian. But NPOs A and B are more willing to share advantages accompanied with structural holes since they are the platform to exchange and integrate resources. How do NPOs C and D benefit from monopolizing resources in their networks?

NPO D's pharmaceutical partner recalls:

CEO D0 proudly shows me his resources in NPO D's networks. He does so in exchange for my networking offers and other resources from my end such as free pharmaceutical services. He attracts me by telling how much his NPO and its partners benefit each other. (DC1)

DC1's experience is NPO D's first step to collect resources. But what other factors support NPO D's resource manipulation afterwards? NPOs C and D's monopoly of resources is related to structural loop and quasi-subordination. Quasi-subordination increases the cost to change the superior-subordinate relation as a superior finds it hard to recruit subordinates already in other superiors' domain. It is also costly for the subordinates to go elsewhere. Moreover, with structural loop each cluster is close and independent while boundaries of each network are clear and hard to penetrate for outsiders. The condition remains the same as structural inertia makes network members tend to stay within the same comfort zone. This is exactly the structural reason why NPOs

C and D keep monopolizing network resources. They do not actively integrate network members but occupy network resources for their own use, which again generates more incentives for them to focus more on quantity of networking than their primary functions and responsibilities.

Ideally it's better to find partners who aren't similar to each other, as many as possible. That way we can find as many treasures as possible. But if we don't find partners of different nature as expected, then we can try to nurture potential partners. It's time consuming and I don't have more energy for other tasks or partners' mutual introduction. (CH3)

Overall, NPOs C and D's exploring and exploiting partners reveals the existence of structural loop and quasi-subordination. They do not purposefully construct themselves as a platform for resource integration. Instead, networking is to maximize their own interest possessed through structural holes, to increase their own value, and to legitimize their net existence. Such consideration is hardly found in NPOs A and B who are willing to make a concession and share advantages of structural holes. In this study, NPO A, C, and D directly undertake CCCP outsourced by the government while NPO B indirectly cooperates with other CCCP providers⁸⁶. The resources for CCCP providers are cash revenues earned through legally defined service provision. Providers must follow

⁸⁶ NPO B mainly works with grassroots associations and nursing homes. It does not interact with NfE such as NPO A, C, and D.

stringent regulations in order to obtain revenues allocated which are based more on outcome than process control. What concerns the government is outcome presented in the reports. This is all the same for NPOs A, C, and D. When interacting with the State, NPOs are all competing for outcome-controlled resources and are supposed to face stronger selection pressure. However, ironically NPOs C and D still manage to survive though they have financial issues. This proves again failure of the government whose M&E is outcome-oriented.

There is yet another kind of revenue for NfE: fees charged for additional service buyers such as NPO C's advertising for anti-cancer pills with commission from the pharmaceutical company. NPOs A and B and NPOs C and D are different in allocating resources when it comes to networking with stakeholders for this kind of revenue. Smaller in scale and capacity than NPO A, NPOs C and D have fewer community care centers. Consequently they do not limit their resources through revenues generated by CCCP implementation alone. They must find resources by all kinds of means; additional services thus matter more in their financial structure. This also makes process control come into operation in addition to outcome control because NPOs C and D do not

guarantee concrete results at the very beginning and partners undertake risks of uncertainty. This differs from NPOs A and B whose additional services are provided selectively and stated clearly. Their interactions with stakeholders are based more on outcome control than process control. As clearly expected results are specified in the written mutual agreements at the beginning, their for-profit partners enhance activities along with outcome control as a compensation of additional services. In summary, the two groups maintain differences not only in sharing or monopolizing resources, but also in their underlying mechanism since in NPOs C and D's cases it is more of process control.

Table 5-6 summarizes how NfE position themselves in their complex networking configuration with partners.

Table 5-6 NPOs' position in the complex networking configuration with partners

Integration of network members through NPOs' introduction		
	NPOs A and B	NPOs C and D
Networking configuration	Multi-lateral circuits networking	Single-core influx networking ⁸⁷
Why lists of networking are made overt or covert?	Overt, with the idea to develop together	Covert, for the reason of straddling over two boats simultaneously
Rewards for NPOs to facilitate mutual introduction	Possibility to facilitate a joint project To consolidate NPOs' hub status	To show off how many good relationships it has and attract more prospective partners To legitimize NPOs' existence
Frequency to facilitate mutual introduction	Medium, when necessary and helpful for a joint project	Normally no, contingent only when NPOs find it profitable
Do NPOs take responsibility for	Yes. NPOs are themselves involved in	No. NPOs let it go and do not care

⁸⁷ Mostly one-to-one interaction with few mutual introduction facilitated.

endorsement of mutual introduction?	mutual introduction from which they substantially benefit.	about follow-ups after mutual introduction so much.
Origins of trust	Institutional trust	Personal trust
Consideration	Mainly interested in promising matches	Open for all possibilities but end up doing nothing
Resources allocation when NPOs introduce stakeholders to get to know each other		
When facing partners of similar natures	Trying to find their differences and generate cooperation opportunities	Avoiding mutual introduction otherwise cannot take advantage of each partner
Functions involved	Project planning and implementation	Few substantial collaboration facilitated
Issues to be raised in mutual networking	Mainly campaigns to promote new ideas or discuss collaborative proposals, though also sharing events information	Mainly sharing events information (used to promote new ideas but not any more)
Results of mutual introduction	Benefits are shared among network members of a specific project	Benefits are held mainly in NPOs' hands

5.6 Reflection: Costs and Challenges Confronted in the Construction of

Structural Social Capital

This chapter highlights NfE's quasi-subordination and structural loop as their two distinctive networking practices; it also analyzes the characteristics and rationales of NfE's networking. More specifically, what concerns the researcher is not only to analyze the status quo of networks as it is, but also to examine the dynamics and rationales of networking as an ongoing process. Inspired by Burt (1992), this research aims to rethink inter-organizational networking in the Taiwanese context. On the surface, actors' networking practice can be explained based on Burt's concept of structural holes but a rethink of network theories becomes necessary after further investigation.

Networking dynamics here feature in quasi-subordinating, a term coined in this research to illustrate the seemingly vertical integration but literally horizontal cooperation among organizations. NPOs involved in the collective networks can be categorized into two: the qualified and the capable. The latter, with capacity but without resources, need financial support from the State but their lack of eligibility stops them from applying. This can be compensated by the qualified as they are looking for the capable to run projects on behalf

of them so that their criteria to run the next bidding can be fulfilled. In other words, it can be considered as leasing an agent license and the key concern is access to resources. Quasi-subordination is a win-win strategy for the two ends of the spectrum as each has something that the other has to offer. Each needs and helps the other with respective strength. The aforementioned fact is the first premise for quasi-subordination while government regulation that is not strictly implemented has further triggered the popularity of quasi-subordination. Issues such as who is going to be subordinated under whom and for what purpose – legitimacy or resources – should be examined in mapping quasi-subordination as a networking practice.

According to Sandefur and Laumann (1998) and Nahapiet (2008), information, influence, social credentials, and reinforced identity are the four social capital effects. While scholars have highlighted the positive side of organizational social capital, it is also necessary to take into consideration the negative side. Comparing the corporate-noncorporate networks among actors involved in “Active Ageing” programs, this study investigates actors’ network ties and networking configuration. Both group ties and personal ties function in the corporate-noncorporate networks. Joint projects and

commercial campaigns between NfE and their commercial partners used to be rare but for-profits are more and more welcome to work together with the NfE. But this also leads to NfE's harmed autonomy and publicness though NfE in a more advantaged position.

NfE's damaged autonomy and publicness as well as questioned accountability and transparency

NfE's over-networking at the expense of their primary functions results in their harmed autonomy. As many stakeholders observe, NPOs C and D anchor their hopes in others (ES18, CN3, CC4, DG4) and eventually the decision is not made by NPOs but by their stakeholders (ES16, DN5). In other words, NPOs are losing their autonomy. DN 5 is an umbrella organization of grassroots civil associations and its CEO notices that NPO D "has great plasticity since it can change itself to satisfy partners' diverse expectations" (DN5). A scholar helping NPO C's proposal writing also indicates that "it is quite flexible because it accepts both one-off and long term relationship, you [*ie. the partner*] decide, and it follows" (ES18). Another commercial partner offering free venue for NPO C's events to welcome PRC visitors comments that "it's like a chameleon which always changes accordingly" (CC3). In summary, gradually NfE do not always insist on

principles and tend to follow the interests of their stakeholders. But one exception deserves more elaboration – NPOs C and D do not voluntarily facilitate much mutual introduction among their stakeholders though it is of their stakeholders' aspirations. Undoubtedly, NPOs' publicness is questioned as they are more and more controlled by their for-profits partners; their little involvement in advocacy further worsens the situation. Their networking practice is project-oriented, diversity-featured, and ego-centered, but it seems networking has various meanings in each of the differently-structured networking configurations. By comparing these different meanings we are able to understand why NfE's autonomy is damaged.

Though it looks like NPO A has resplendent achievement, an autonomy issue emerged after it collaborated with the BHP. To what extent can NPO A keep its autonomy when its resources are mainly from the government? NfE's autonomy is harmed not only by the State's intervention but also by their own biased networking and operation. Moreover, sometimes NfE are willing to take a concession for locality so that they can cope with different situations in various communities. NfE can be very flexible in adjusting to the environment. NPO A, at its national level, is still willing to collaborate with its

subordinates and allow their substantial independent operation according to different local context. But what if NfE no longer insist on their principles? NPOs C and D are keen on networking but surrender their autonomy when networking becomes their major concern. As networking practices of NPOs A and B contrast with those of NPOs C and D, it is necessary to compare meanings of networking between the two camps. NPOs A and B still keep their autonomy when networking with stakeholders because they are not lost in networking and thus forget their mission.

A coin has two sides. While an organization possesses its own network and benefits from it, it is also the possession of its network by whom this organization is constrained. Economically speaking, it is not wise for NfE to fail harvesting from their invested networks. But NPOs C and D suffer from the vicious circle where they are gradually paying less attention to the implementation and R&D of programs. This in return makes their publicness questioned and mitigates their attractiveness to their partners. The situation worsens when they change themselves to follow partners' wishes. The fact that NPO C is gradually losing its power to rally supporters explains why the new County Magistrate dares to freeze NPO C who used to be and still is the No. 1 NfE in its county.

NPO D's internal radical turbulence because of the external intervention of commercial interests from two businessmen in its new management team is yet another example of NPO's damaged autonomy.

Diversity without monopoly

There is no dominant non-profit player to deliver services for the elderly; there is neither only one NfE which is the most influential actor to unite the fragmentation of the NfE industry. No corresponding version of AARP in the U.S.A. or Ældre Sagen in Denmark⁸⁸ can be found in Taiwan. There are instead various small and medium-sized NfE delivering services with their respective scales, capabilities, and networking configuration. This does not only exist in the NfE arena but is also found in other aspects of social and economic life⁸⁹. It is not possible to find the sole strong power to mobilize the public and dominate resources in this industry, but the diversity of NfE embodies the vitality of Taiwanese society. It may not need worry that resources are monopolized in an efficient (for the organization itself) but unequal way (for the society as a whole)⁹⁰. What

⁸⁸ Both are the major the third-sector players to serve the elderly in respective countries.

⁸⁹ Examples include small and medium enterprises as observed by Chen (1998).

⁹⁰ For example, in Denmark Ældre Sagen (meaning "for the sake of the elderly") is so powerful and thus can secure many resources for the elderly. But this also leads to problems such unequal resource distribution within the Danish society and harmed inter-generational solidarity. Another NPO is established to fight against Ældre Sagen on behalf of the younger generation in Denmark.

challenges the Taiwanese society is that dispersed social forces are not strong enough to contend with the State. Besides, they are also vulnerable to commercial agendas. Diversity does not always mean reduced collaboration of NfE but what we find is that NPOs tend not to network with peers and the umbrella organization of NfE is loosely governed. Consequently, the FWE fails to push its agenda as members sharing a weak identity do not support it. Moreover, NPOs are keen on the construction of their respective networks and show much less interest in issues which ideally should be of their concerns, ranging from policy advocacy in parliament to monitoring the government⁹¹. In some cases such as NPO C and former NPO D, NPOs spend most of their energy in networking and marketing rather than substantial implementation. This makes it much more difficult for a collective action at policy level among NfE.

Overall, we can clearly find institutional influences on NfE's networking practices. Quasi-subordination (partially due to institutional defects) and structural loop (as the by-product of institutional settings) are both good examples that illustrate how the institutional environment is linked to actors' structural social capital. Furthermore, when

⁹¹ For example, other NPOs list each month the best and the worst legislators in the parliament according to their own appeals. Or they may list which legislators are against or for a specific act. That way, NPOs can thus influence the political operation and realize their agenda.

discussing NfE's networking practices in Chapter 5, issues about NfE's relations with their stakeholders are frequently referred to. It proves that an organizational study which only discusses structural social capital is not complete and the examination of relational social capital is indispensable. Chapter 6, therefore, will move to the topic about inter-organizational relations. It is hoped that readers can be well equipped with the general layout of networking structure and be directed toward a further investigation into the essence behind the scene.

Chapter 6 Construction of Relational Social Capital

Networks are the format while relations generate meanings. But the existence of network ties does not always mean the maintenance of good relationships. After specifying the explicit enabling structure in Chapter 5, Chapter 6 will examine relations as the implicit underlying mechanism which support or erode the structure. In terms of the composition of four elements within the relational dimension, decision makers have different perceptions and four patterns can be concluded – a suspension bridge in Pattern 1, as well as a seesaw in Patterns 2, 3, and 4. Details and driving factors of each pattern is elaborated in sections 6.2 and 6.3. Moreover, trust, identification, norms, and obligations are generated together with networking and such fact exemplifies how structural and relational social capital function together.

By examining how do actors interact with each other, this research aims to investigate the inter-organizational networking among actors involved in the collective actions of

“Active Ageing” campaigns. Four patterns of perceived relational social capital are concluded with corresponding indicators and mechanism. Chapter 6 specifically addresses decision makers’ perception about relational social capital as they are the key players in the inter-organizational relation. Among the four patterns, economic rationality is the same indicator for Patterns 1 and 2 while political correctness signifies Patterns 3 and 4. Furthermore, their respective mechanism can be summarized as follows: Pattern 1 depicts an unequal power relation where Party One needs Party Two more than Party Two needs it. Party One is of sufficient condition to Party Two who in return is of necessary condition to the former. Party One is at a more disadvantageous position in this unequal power relation, and its strategy to foster a connection is to activate identification in exchange for Party Two’s trust, which is a trust with precaution. Party Two feels safe to trust and it has little to lose because it has precautions and alternative solutions against anything out of expectation. Compared to that, Party One as the sufficient condition is willing to compromise and ignore something which is against its own interests.

In Pattern 2, the mutual favor is equally important and usually complementary between two actors that are of the same status. Party One may receive resources from Party Two

whose legitimacy is built on Party One's support⁹². Actors know that their partners dare not betray them as partners expect their revenge or punishment. Actors are confident in partners, not only for partners' capability but also for their incapability. Actors know their partners' weakness and thus are out to get their partners. However, when there are problems in obligations and norms, the seesaw will be directed toward distrust in Patterns 3 and 4 respectively.

6.1 Perceived Relational Social Capital: Trust, Norms, Obligations, and Identification

In the Taiwanese context, CEOs and heads of divisions play a more important role in the inter-organizational interaction. On the surface, it looks like front-line employees are more delegated given the flat internal organizational structure. However, it is exactly the flat organizational design which makes the front-line employees less empowered because the front-line employees deal more with technical issues while the management level focuses more on institutional and social concerns. Furthermore, if we take into

⁹² In Pattern 3, both NPO A and the BHP receive both legitimacy and resources.

consideration the fact that the size of NfE is usually small and medium, it becomes more understandable why management level still maintains more influences under such a not-so-bureaucratic organizational structure.

As the relationship between NfE and their stakeholders are dynamic, different patterns of relational social capital are perceived. It is true that networking itself is a process and actors in the organizational field may either be at the very beginning of their networking, in the middle of relation construction, or come to a relatively stable stage of the relation.

While stage and status of networking is one factor to influence their perception, it does not mean that their perception is equivalent to the stages of relation development.

First, except in some special cases where NPOs manage to maintain a stable and long-term relationship with stakeholders, most of the time the quality varies even those actors involved know each other for a long time. Unexpected incidents, back-and-forth negotiations and circumambulations, trial and error...etc., all these can distance actors' relationships from a stable one. Furthermore, a practical reason can explain the unavailability of one-to-one correspondence between perceptions and stages of relation

development. Since this is not a longitudinal study and the fieldwork was not conducted in different waves of relation development, it turns out that interviewees tend to report more their updated perceptions though sometimes they have recalls of previous incidents. This means most reflections raised by representatives of NfE and their stakeholders are mainly based on their present perceptions at the time of interviewing. Only in some very rare cases where the relationship is already very stable that interviewees refer to previous stages of relation development. Below we describe these three formats and the conditions where they can be found respectively.

Four patterns of perceived relational social capital are concluded in this study – a suspension bridge in Pattern 1, as well as a seesaw in Patterns 2, 3, and 4. Below we present these four patterns and the conditions under which they can be found respectively.

6.2 Who Needs Whom More and for What? Continuous Measuring As a Suspension Bridge

Before a proposal to collaborate is raised and accepted, actors network with each other

and try to develop a relation. Actors' self-identification and identification of partners function in the process. When the two parties involved become closer, there are more possibilities for a collaboration to be proposed and accepted. But what is the premise for an actor to feel comfortable to raise a collaborative proposal? Why are organizations willing to network which in itself may sacrifice organizations themselves? What is expected as the return or feedback in the future based on which actors are willing to share? What is the mechanism for a compromise between narrow self-interest and collective well-being? These are all questions which can be raised when it comes to the measuring among organizations. We start the stories from NPO B as it is the one with most simple networking configuration among the four NfE. A social-cultural background should be mentioned before talking about what NPO B encounters. In the Taiwanese context, a couple coming from families of equal socio-economic status and prestige are normally regarded as a good match with more visible sustainability. Since their respective families are of equal position in terms of social and economic scales, gaps and conflicts between the couple are supposed to be less. Such belief is widely held in people's daily life, but how about in the organizational field?

Pattern 1: Identification in exchange of trust

Pattern 1 is characterized by actors' continuous measuring about who needs whom more and for what. This echoes the unequal inter-dependence and power relation crystalized in the networking configuration. Compared to other three NfE, NPO B has the fewest network ties which are also of the least complexity. The only exception is the significance of NPO B's relation with its commercial partners who are nursing homes. Except fundraising, most of NPO B's substantial income is from dog therapy in nursing homes or grassroots associations delivering CCCP. Furthermore, NPO B is quite small and features in specific services, demonstrating again that for NPO B a relation with its partners is of more importance and can be applied here to illustrate the measuring in Pattern 1. When talking about difficulty to maintain such a small organization as NPO B, CEO B complains and admits:

I'm sure you've heard of the Taiwanese proverb "A pair of bamboo chopsticks dares not pick up mushrooms." It means you should marry one of your kind. This can be applied in our personal life and business life. For us as a small NPO it's always a problem to find others who are willing to network with us. (BH1)

From his comments we can understand how the idea of a fair match influences organizational operation. Since it is more difficult for a small organization like NPO B to

find someone who regards it as an ideal partner, NPO B's survival embodies the continuous measuring between NPO B and its partners. More specifically, its long-term relationship with nursing homes is a typical unequal power relation in which NPO B is a sufficient condition for nursing homes whereas the latter is a necessary condition for the former. Obviously, income generated from dog therapy in nursing homes is of great importance for NPO B but nursing homes do not necessarily need NPO B's service. As described by the CEO of a nursing home:

NPO B's service is not compulsory for us but it can enrich our services. I don't mean it's entertainment but admittedly without it we can still survive, with it we become more competitive. (BC4)

Given such unequal power relation, how can NPO B manage its relation with its partners at a more advantageous position? When it comes to the inter-organizational measuring, both parties involved do have self-identification and identification of their partners. Here we can see how NPO B as the one in a more disadvantageous position fosters the inter-organizational relationship by its identification with partners. Though the founder of NPO B has moved back to the U.S.A, left her position and comprehensively handed over to CEO B, her insights still prove correct for NPO B:

We're small and only deliver a unique service. You can't imagine how hard it

was when I came back from U.S.A. to launch this NPO years ago. The most important thing I told CEO B was to surrender and to show our sincerity when facing any stakeholders. Securing partners' trust matters, but what if they don't even give us a chance to tell who we are? (BH3⁹³)

A co-founder hits nail on the head in terms of NPO B's situation; he explains the essence of trust building:

To get their trust, do your own homework first. Find someone whose ideas you can identify with, then try and contact them and tell them how much you've admired their ideas or achievements. Of course you want to be honest and you couldn't force yourself to like those you don't like. Be yourself but also be modest. This is not U.S.A., this is Taiwan. (BH4)

In exchange for partner's trust, he practices his principle by laying down his prestige as an expert:

Though I'm an expert in animal-assisted therapy and I bring know-how from U.S.A, I still find it necessary to respect partners first. Imagine who wants to listen to you if you just knock the door and shout: "you guys are so innocent because you don't know the importance of dog therapy. I'm here to teach you!"...Well, it doesn't make things easier. Don't patronize others. (BH4)

Except keeping humble, the existence of an overlapping interest is undoubtedly a key factor to cultivate such relation, otherwise it makes little sense for actors as there is

⁹³ Though the founder has returned U.S.A. and handed over to CEO B, still we can find her legacy and influence on NPO B. With CEO B's bridging the researcher was able to interview her on Skype and understand NPO B from her perspectives.

nothing to start with and to collaborate for. This is not only be applied to small NPOs but also to big ones such as NPO A. As the most well-developed NPO in this study, NPO A works hard to overcome difficulties and achieve its success. It is thus a good example to illustrate the measuring mechanism in Pattern 1. NPO A's Head in Public Relations (hereinafter abbreviated as PR) reports her experiences with politicians:

We need them to promote our ideas at national and local levels. Politicians also know by standing with us, their voters know they pay attention to ageing-related issues. But we don't take whoever comes to us. In central Taiwan we've got a very powerful political family but we're never close to it⁹⁴.
(AH5)

From AH5's experiences, we can say that such relation features in an unequal power relation where NPO A is a necessary condition for politicians who in return are a sufficient condition for NPO A. Her argument is further supported by NPO A's Head in Cooperation who sometimes also assists AH5 in interaction with politicians.

Remember when politicians approach you, they want something from you, no matter what they claim. And this actually makes it easier for us to maneuver in the jungle of politics. After all, we need politicians, too. But we decide to whom we want to be closer. We've got more control over the situation. (AH4)

⁹⁴ The head of this family does not have good reputation with his black-gold politics background and his good relationship with mafia. After four terms of legislator in the parliament, he was sentenced to prison due to corruption late 2012 but very soon his son won the by-election and took over his position early 2013. In May 2013 he was released because a clause in the Law of Accountancy was modified. The clause is thus named after him.

Comments from both AH4 and AH5 strengthen the argument that in such relation Party One is necessary for the other while Party Two is dispensable. Since NPO A in this case is at a more advantageous position, based on what consideration does NPO A accept a collaboration proposal? AH5 explains:

Politicians are involved in public affairs mainly for their personal interests and interests of the political party to which they belong. But it's not easy to tell their hidden agenda and I don't want to waste energy digging that out. I examine if they ONLY want to take advantage of us. We're happy to share but it's unfair if only we give and they take. (AH5)

From AH5's statement we can realize that NPO A is willing to cooperate with a provisory clause. Though trying to delegate as much as possible, CEO A still finds it necessary to be involved in her managers' duties and in fact it is CEO A to identify if a politician is trustworthy based on discussions of the committee.

When I recognize a politician who isn't able or willing to share but only wants to take advantage of our achievement, I'll do the networking very reluctantly. I don't believe it's a sustainable relation and I don't trust this kind of politicians. How can you know if this is a friend or a burglar? We don't sign any contract or ask for anything before networking with politicians, but we expect them to know what they're supposed to do. People with basic morals should be aware of it. (AH1)

As indicated by CEO A, obligation and expectation are also taken into her consideration

in the continuous measuring. From her statement we can recognize that identification is working here. More discussions about identification are presented here with more materials cited from other interviewees. With her constituency in central Taiwan, a KMT politician has maintained her relation with NPO A for more than 6 years. She illustrates how she deals with disagreement with NPO A.

For example, in my constituency we used to debate whether we're ready to welcome Japanese pensioners to live their later life in our region. I was for this idea because this would stimulate our local economy. But NPO A didn't think so. It's not a serious disagreement and I myself didn't lose too much sleep over it, so I didn't argue against them a lot. And they're right. A Japanese couple fled very soon. (AP2)

Through the help of a local politician AP4, NPO A created its first branch in the south after a typhoon in 2009. AP4 explains how he links with NPO A:

They don't want to be tagged as either blue or green. I can imagine they take precaution against politicians. But how can I obtain NPO A's trust? The first principle is to avoid being identified politically, but instead as a friend sharing the same vision. So in order to have NPO A in my profile, I sometimes must compromise and sacrifice my own interests. (AP4)

Same as the case in the south, NPO A also launched its branch in the south central region through the assistance of a politician who recalls how the relation is developed:

I know it is through CEO A that you know me, so I can't say anything bad

about them [*laughing*]. Well, I can only say there are many politicians competing to network with NPO A. If NPO A finds its relation with a specific politician doesn't work well, then it finds someone else instead. Not to mention the worst cases who are black-gold politicians⁹⁵. They have very little access to NPO A. (AP3)

From their statements, we can see self-identification and identification of partners, as well as two parties involved measuring each other. More specifically, we can also find AP2's identification with NPO A in her concession. Now that the provisory collaboration offered by the advantageous side is in progress and the disadvantageous side is willing to concede, to what extent can NPO A trust its politician partners? Manager AH2 is delegated to deal with politicians in central Taiwan. She has her own interpretation:

We try to trust smartly and selectively. I mean trust but always with Plan B. This way I can protect myself. For example, our alignment with AP2 was partially negatively influenced in a debate but luckily we didn't destroy the congenial atmosphere. We let partners know that without them we are still alive, but without me your life could be worse. We do our part to cultivate our relation and we also expect partners to keep this in mind. (AH2)

Except obligation and expectation, norm is another key point raised by interviewees. For example, when a company selling denture-cleaning equipment approaches NPO A, both sides find it hard to establish mutual trust very quickly. A barrier in-between is NPO A's fear of scandal of which the commercial company is also clearly aware. As NPO A's Head

⁹⁵ AP3 is also referring to the one described in Footnote 93.

in Cooperation has observed:

In Taiwan we must be very clean and keep a clear distance away from commercial interests. What AARP⁹⁶ is doing, keeping a close relationship with commercial, is impossible for us. It's a taboo. People easily link you to dirty money. (AH4)

She also reports what she has learned from interaction with the company selling denture-cleaning equipment:

We offer a stand for their product promotion in our health promotion events, but we don't want our senior clients to think we endorse the products. That's an abuse of our reputation. As we become bigger, those with various agenda come to us. I make it clear at the very beginning: we're happy to work with you because our senior clients may also find your products useful, that's good for us too. But you're not supposed to have any substantial transaction on site. (AH4)

The representative of this company also mentions norm as a significant factor.

Come on, it is so big, if I tell you that we approach them for philanthropy, would you believe me? Well, everybody knows we're here to make money so there's no need to hide it. And we're not stupid to blow this, either. So why not just keep it as an unspoken consensus? I'm sure NPO A also knows our agenda, but we just don't raise it publicly. She [*Manager AH4*] knows what to expect from me and I know what to expect from her. (AC2-1)

NPO A's commercial partner AC2's idea echoes Kramer and Goldman's (1995) idea that

⁹⁶ AARP, which stands for American Association of Retired Persons, is the leading membership organization for the elderly in the United States.

norms of cooperation are “expectations that bind” and Nahapiet and Ghoshal’s (1998) argument that norms of cooperation can also motivate exchange. The reason why norms are well followed by the two parties involved, according to a journalist who traces NPO A’s events, is the unequal power relation.

Obviously, the company needs more from NPO A. NPO A can find someone to replace it if it doesn’t follow the norm. It indeed sacrifices and compromises but for the company it’s worth doing. It earns more than what it sacrifices and it earns something which money cannot buy: NPO A’s good will. (AM2)

NPO A’s relation with its commercial partner is the same as that with politicians. There is cooperation with provisory clauses in the unequal power relation. The company approaches NPO A in the name of its identification with NPO A’s vision and accomplishments while trust with precaution features in NPO A’s reaction.

We take action first to contact NPO A. In the commercial arena time is money, so just jump straight into it – we want collaboration. But as you know those NPO guys are slow, and in order to flirt them efficiently, sorry to use this verb, but don’t you think it’s really a flirt? We’re like a boy chasing a girl, aren’t we? Anyway it’s better to start with praise, something like this – “I know what you’ve done for the elderly, very impressive, and if we can contribute we’d be delighted. Why not try to enrich the event with our products? It’s good for your senior clients, too.” (AC2-2)

NPO A just launched its Division of R&D when fieldwork was conducted, its Head in

R&D reports:

Actually I don't worry that I'll lose anything because we've clear terms and conditions. I delegate my colleagues to help the company in our events. It's also an on-site monitoring which sends "watching you" messages. Doing so is also good for me because I can gain more practical know-how from those in the ageing-related industry. (AH6)

Up to this point, we can conclude that norms appear in a variety of forms here: (a) norms in the commercial and non-profit arena; (b) norms for Taiwanese NPOs to keep clearly away from the commercial for its own reputation; (c) norms of team work based on shared interests, mutual favor, and expected returns; (d) the openness to respective capacity and incapacity; (e) the respect to and tolerance of what is and is not supposed to be done; (f) the tolerance of potential unexpected troubles and corresponding solutions; and (g) the willingness to avoid making troubles to the other side even though it is a concession to do so.

In Pattern 1, it is an unequal power relation because: (a) one side does not need the other side exactly the same; (b) one has the power to control the other's actions; (d) power is not evenly distributed among all involved. Actors at a more disadvantageous position are more sensitive to environmental changes and more vulnerable to collaboration

availability. This is especially true for commercial companies and political elites. An analogy can be utilized to describe the inter-organizational relation in Patter 1. It looks like a bridge with the actor and its partner on two opposite sides. There are two checkpoints for their inspection of the other. If Party One is a sufficient condition for Party Two, then Party One identifies itself with Party Two in exchange for Party Two's identification with Party One and trust in Party One. Party Two, at a more advantageous position, reacts by trust with precautions.

Actors' identification with partners feature in the continuous measuring. In both cases identification should be generated first so that trust can be developed. Figure 6-1 illustrates the dynamics.

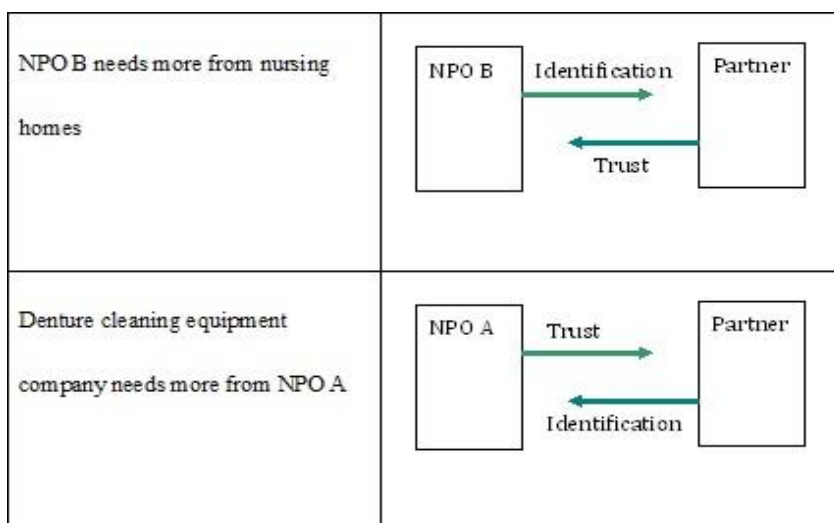


Figure 6-1 Dynamics of trust and identification between two parties in an unequal power relation

Moreover, the afore-mentioned two facts relate to each other when we introduce the existence and function of norms and obligations. The two factors are both involved in the exchange of trust and identification, and can consolidate the kinetic circulation. While obligations shape what to do for organizations, norms inhibit organizations “how things should be done” (Scott 2008: 54-55). When Party One surrenders itself to Party Two and the latter accepts it, norms and obligations are mutually agreed. With such premise Party Two can be more convinced to trust Party One while it may still have reservations. Party Two can decide in what expect and to what extent it is going to offer its trust, and if anything goes wrong, its Plan B can be activated as the precaution against anything which is harmful to the mutually agreed norms and obligations and its own interests.

In other words, we can say that norms and obligations work as the ropes of the suspension bridge. This is also the mechanism for a compromise between narrow self-interest and collective well-being. Taking into consideration norms, obligations, actors’ actions, and

the inter-organizational relationship in an un equal power relation, the relational social capital in Pattern 1 can be illustrated as the suspension bridge shown in Figure 6-2.

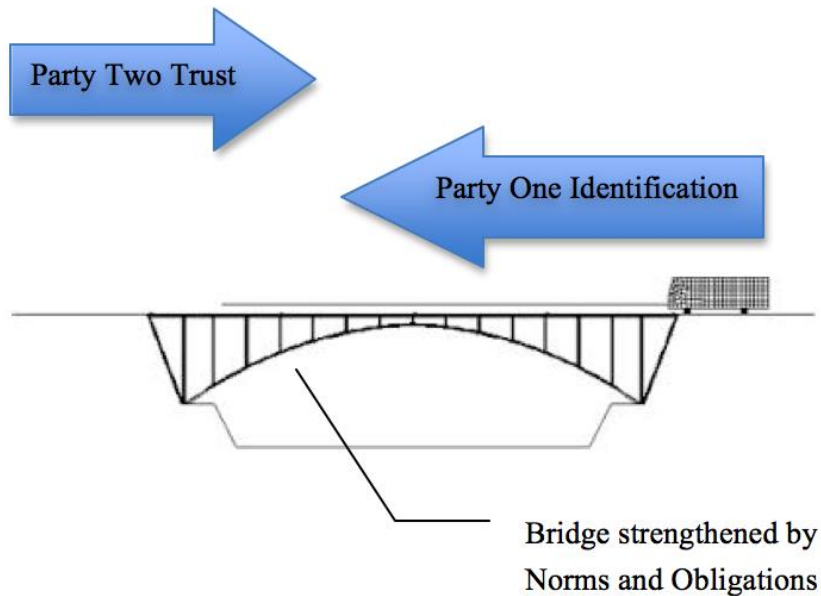


Figure 6-2 A suspension bridge of relational social capital perceived by decision makers

In Figure 6-2, the two parties involved are on the two sides of the suspension bridge. Party One who is not a necessary condition for Party Two approaches Party Two with identification in exchange for Party Two's identification with it and trust in it. Party Two at a more advantageous position has trust with precautions. Norms and obligations function to hold the whole system as ropes to the bridge.

However, there are some cases where both parties involved find the other necessary. For example, while the homeless animals NPO needs more from NPO B for legitimacy reason, NPO B needs more from this NPO for resources reason. When the two sides find they need each other for almost the same amount and importance, and for reasons which are complementary, a transfer from Pattern 1 to Pattern 2 can be noticed as both sides collaborate at the same level now.

6.3 Should I Trust You? Back-and-forth Circumambulations As a Seesaw

Patterns 2, 3, and 4 relate to actors' back-and-forth circumambulations about whether to trust their stakeholders or not. When a collaboration project is proposed and accepted, actors' identification of being in the same community is formed. Ideally they should be able to trust each other but unfortunately it is not the case. Exactly after the collaboration proposal is accepted, actors encounter challenges. With numerous back-and-forth circumambulations, actors again and again ask themselves if they should trust their

partners. In this study, such examples are usually found in a relation undergoing variations. Sometimes it proves that actors are correct and the whole system moves toward a positive direction. A virtuous circle can be generated when more and more trust is accumulated along with more and more positive identification. However, things do not always go perfectly as expected and the positive direction will be pulled backward a little bit. It is in such back-and-forth movement that concrete base of trust can be established step by step. Moreover, the shifting mechanism between Pattern 1 and Pattern 2 is the complementary needs between two parties. It works as the glue to encourage collaboration based on reciprocity and interests in common.

Pattern 2: Toward trust – complementary needs and ideal type of identification

Pattern 2 highlights mutual trust and complementary needs, and it is often found together with quasi-subordination. In NPO B's relation with the NPO for homeless animals, two parties involved are of necessary condition for the other and the situation remain the same.

NPO B needs resources from its partner whereas the NPO for homeless animals finds its legitimacy through collaboration with NPO B. There is no formal contract or public bidding involved in this case. NPO B cannot find others to replace this partner as in

Taiwan this is the only NPO for homeless animals while NPO B is also the only one delivering dog therapy in Taiwan. Since no other competitors exist and invade this relation, such arrangement consequently leads to structural inertia within the relation.

The strikingly similar comments from CEO B and CEO of the homeless animals NPO embody their inter-dependence.

I'm not afraid that you won't come to me anymore. Without me can you still play your game? (BH1)

I think our relation is just like Germany and France. Germany has coal but no iron while France has iron but no coal. But you must have two to make steel. Thus there's no need for NPO B to worry that I'll let it alone. Neither do I. (BN1)

And their mutual needs are highly intertwined with norms and obligations.

Once we identify each other as partners, we're both willing to sit down and figure out what we can and should do for the other side. We need each other. But it should be bilateral, not lateral. (BN1)

We're willing to put more into this relation. We expect mutual development; we want to share the fruits of our investments; we want to apportion the outcome. (BH1)

When talking about this relation, NPO B's founder elaborates:

If you want to understand our relation, I suggest you read the book "Gung Ho!" written by Ken Blanchard and Sheldon Bowles. This book inspired me when I

launched this NPO. The English term “Gung Ho” sounds like “being good together” in Mandarin. What does that mean? It means everybody is supposed to be equally good, or everybody jointly completes one project. (BH3)

Before presenting stories which are more distrust-oriented, it is important to emphasize NPO B’s outstanding case. The reason for this strong relationship demonstrates the power of the ideal type of identification. Since both sides take business of the other side as its own, it is much easier to push and maintain mutual trust since there are shared vision and responsibility. Their identification of being in the same community is well established based on mutual needs of two parties who are both necessary condition to the other. In comparison, the identification to be presented in other stories is vulnerable because of problems in norms or obligations. Moreover, together with norms, expectations and obligations, we can recognize from NPO B’s case the function of identification in actors’ decision on trust or distrust.

Opposite to the aforementioned positive situation, identification is driven toward distrust when actors encounter more and more cases where they identify partners not trustworthy. Time is a factor to be taken into consideration as relationship may change and actors gradually strengthen their belief if their partners are trustworthy or not. Notably, by

saying “I know it’s good for him now and is also good for me in the future” (AH1) and “Yes at this moment it seems he needs us more but I’m sure in the future we will also need him” (AH2), CEO A and the Manager AH2 have both introduced the idea that time can be another factor to influence the relationship. But why in some cases is trust strengthened by time but in other cases trust is destroyed? The more identification is driven toward distrust, the more dangerous situation the relation is in. The worst situation is the end of a relation and it happens when identification moves toward the height of distrust. But what is the last straw that broke the camel’s back? In this study, betrayal is not that common but if there is betrayal, it usually marks the end of a relation. Below we present some cases which are distrust-oriented.

Pattern 3: Distrust – problems of obligations and expectations as the crucial reason

The importance of clearly specified obligations and expectations shall be self-evident since networking efforts are project-oriented. But this is usually where problems rest on and why actors such as NPO A and the BHP fail to trust each other in Pattern 3. Their unhappy encounter and the government turned into a common enemy consequently illustrate how identification is driven toward distrust when defective parts emerge in

obligations and expectations.

As mentioned in Chapter 4, sometimes the bureaucracy may be slower to cope with emerging challenges confronted by a society or community and NPOs may find it more efficient to tackle problems by detouring the State, given that enough space is provided for NPOs to exert their agency in a relatively vague regulative structure. It is under such circumstances that NPO A initiates innovative projects which are then followed by the government and become institutionalized policies. After implementing the “Grandparents’ Vitality Show” in 2008 and 2010 by itself, NPO A collaborated with the BHP. This was a result of CEO A’s deliberate arrangement to invite the soon-to-be Minister of Health as the referee and to secure his endorsement for NPO A’s achievement. At the very beginning, NPO A was a sufficient condition for the BHP and vice versa. NPO A did not necessarily need the BHP’s assistance whereas the BHP did not find NPO A’s achievement indispensable in its own business.

However, this relation was changed when the BHP contracted with NPO A in 2011 upon the Minister’s requisition. Now that the scale of championship was enlarged,

communities around Taiwan were all notified the enlarged event through the State apparatus; and more resources were to be put in the preparation. There was no space for NPO A to turn around or repent if something went wrong. Neither did the BHP want to see the event develop out of its expectation. Now NPO A needs the BHP's support otherwise the 2011 championship may run into troubles. The BHP who for the first time had more involvement in the event to a greater extent also needs NPO A desperately as it is NPO A who has the know-how and capability to mobilize communities and the elderly and to organize the whole project. To sum up, the BHP offers resources and NPO A conducts detailed implementation. Both are of necessary condition for the other at the second stage.

It seems everything is perfect at this moment and we can attribute trust as the key to accomplish the good match. The mutual trust between the Minister and NPO A is transferred into that between the bureau and NPO A and the identity which comes from a shared business binds the two parties. But the story here is not like that between NPO B and the NPO for homeless animals where both sides take business of the other side as its own so that it is much easier to push and maintain the mutual trust since there are shared

vision and shared responsibility. Unfortunately trust is destroyed in the process and ironically it is exactly because of trust at the very beginning which seeds following conflicts.

When the fieldwork was conducted, NPO A was implementing a much bigger “Grandparents’ Vitality Show” with the BHP’s support. One positive impact was that the State acknowledged the urgency of health promotion among the elderly and was willing to undertake more responsibility. This also proves that NPO A was successful in creating its own institution which is eventually followed and promoted by the government. It seemed everything was as expected since agreements were based on negotiation and NPO A’s voices can be heard with its idea being practiced. However, NPO A also worried that it would be turned into a mere puppet whose autonomy was taken away when collaborating with the State. Unfortunately NPO A’s worry came true. CEO A and all her managers complained about the unpleasant experience to work with the BHP as the latter took credits for NPO A’s achievement. Moreover, when suffering from anything unexpected, NPO A could change nothing but just followed the BHP’s will. CEO A regrets and confesses:

I must confess it's my fault. I thought inviting the Minister could help to establish a good relationship with the BHP. But I was wrong. I thought it would be a good partner whom I could trust because of our common vision. But then I realized it's like a Sugar Daddy who gives money and orders as his wish. I felt cheated and couldn't trust it anymore. The championship is over for this year now, and we are thinking if we want to keep this collaboration next year. (AH1)

Manager AH4, the Head of Collaboration, is the representative of NPO A to interact with the BHP. From her reflection we can know the whole course of the incident.

I'm not complaining because it's partially our fault. We should have been more careful. We took it for granted that they knew and respected what we were doing. We developed the project and had the capacity to mobilize the elderly in different communities around Taiwan. The ideal arrangement was that we would do things as is our profession, and they would assist us by offering resources. Finally, they gave money but they wanted to control it all and claimed everything to their credit. (AH4)

Though the BHP gives money, the situation can be regarded as a free rider problem since the BHP totally takes over NPO A's achievement. The BHP even wants to control all and this is a problem due to the bureaucratic state apparatus. With its financial support, the Bureau takes it for granted that NPO A must follow its will. When NPO A recognizes the BHP as someone without basic respect of its profession and efforts, we can see how identity is shifted from trust to distrust from AH4's confession.

There're many conflicts but in order not to disappoint the elderly we just keep going. We trust the BHP too easily. But once promised we cannot stop,

otherwise who will think of the elderly? They began practicing for the championship almost a year ago. Initially we identified the BHP as a good partner to just offer resources without much intervention. Why? Because we do everything in the whole process and they know nothing. Unfortunately, we are wrong. They want us to follow their idea and they want everybody to believe nothing is possible without their generosity. Now I see them as a betrayer and it's hard to go back and trust them. (AH4)

As NPO A's good friend, a journalist is outraged and complains:

Under such circumstances NPO A has no choice but to follow. Can they stop there and cancel everything as revenge to the Bureau? It's as the Taiwanese proverb says "Since you've put shampoo on your head you must clean it thoroughly." NPO A is kidnapped by the contracted situation. (AM3)

Obligations and expectations are supposed to accompany the back-and-forth circumambulations but in this case it is also where problems come from. It is now necessary to provide arguments from the other side matter so that a balanced report can be presented. The Director General of the BHP is the one to whom all complaints from NPO A are directed, she was not available to be interviewed but authorized her secretary to answer questions from the researcher since the secretary works as the intermediary between her superior and CEO A. She tries very hard to calm down CEO A and persuade her superior as much as possible. Her reports give us a better understanding of the sequence of the issue.

Both sides are to be blamed because problems come from quick decisions of both. Both should have considered more before jumping fast into a contract. We thought with our mutual trust at the very beginning, things could be done efficiently and problems could be dealt with based on good consensus. The result of such imagination is a contract without many details specified. At that time we thought it could still function because we needed and trusted each other, so if something serious went wrong then we could negotiate. And we're running out of time so both didn't think about details of the contract. (AG2)

Like colleagues in NPO A, the secretary does not take all responsibility of the unexpected results. She further gives some examples of the vague and flexible contract.

Even a tiny issue can flare up in a fire. It's not written in the contract but at the beginning who knows later it can be a tipping point when jumping into a relation so quickly. It's about whom to preside over the events on site. As a matter of courtesy, we must have big names, including our own boss, to give speeches or just show up in the events. It's common sense for events held by the government agencies. But NPO A thinks it's too much. We always have conflicts on this. (AG2)

An officer in the Ministry of Health does not hide his complaint again NPO A:

We're the buyer and we're entitled to have more control. At least we're not like those politicians. They want to give a speech, to show their faces in front of media and the elderly, to harvest huge potential political interests. But that's not on our agenda. We do this because we are in the bureaucracy with tradition and if you want money from us, you must listen. (AG3)

A head also complains:

Yes we understand in their position they must invite local important elites to

show up in the events. They want to maximize the PR value of these events but don't you think it's too much? For us the most important people are the elderly. They're actors and actresses of the show, not those politicians. It's not good for our senior clients to wait for so long just to listen to speeches. This is a championship for health promotion, not a speech competition! (AH4)

In the contract details such as the frequency and proportion of invited speeches are not specified. Ideally this can be resolved as long as two sides have enough tolerance to each other. But with more and more similar disagreements, even tiny incidents can go far beyond the limit of tolerance. Since there are conflicts in the process and complaints afterwards, why NPO A is still willing to keep its promise without breaking up with the BHP? Why the BHP does not stop funding the events? Is NPO A is just a bad boy who does not listen to the authorities concerned and always has his own idea? When CEO A says "I've no choice but to trust." and AG2 from the BHP argues "I cannot help but to trust", what does that mean?

First, both sides agree that mistakes are attributed to both. While the BHP believes that the event can be part of its performances and thus has its added value, CEO A is also eager to enlarge the event with her commitment generated from two years of pilot projects. For CEO A, the Bureau supports denote both resources and legitimacy. The former is mainly

in the form of money which is of great importance for an enlarged event, and the latter is mainly endorsements of government agencies through which NPO A's achievements can be recognized. It is due to these two reasons that NPO A is willing to keep working with the BHP, though for most managers of NPO A what the BHP has done is trampling over NPO A's dignity.

For the BHP it is the same. Apart from money, the BHP has no other resources required to conduct the events and this gap can be fulfilled by NPO A's capacity, ranging from strong networking with local communities to good reputation among the elderly who can be mobilized to be active ageing in their daily life and to participate in the championship. Moreover, by cooperating with NPO A in 2011, the bureau's agenda for legitimacy is verified. When talking about his agenda to approach NPO A, AP1 is quite open. He himself had been invited by CEO A as a guest in the events but since he had no title or position at that time, the arrangement is for him to be exposed but not to speak. He agrees with AG3's argument about politicians' agenda to be seen and he also admits that his target audiences can become familiarized with him even if he just appeared at the event without giving a speech. NPO A's championship which gathers the elderly and their

families, therefore, works as a platform to present himself as a politician who cares about population ageing issues. Though his political idea cannot be broadcasted by only showing face without speech, at least it is a good start to approach potential voters in a neutral way. He is thankful for CEO A's goodwill while he is doubtful about the BHP's hidden agenda:

The BHP never cared about this before, so why is it different this year? It's NPO A who initiated the championship in 2008. It should be the BHP's responsibility but since NPO A had taken action earlier, all the BHP needs to do is to happily inherit NPO A's legacies and add more on top of it. By adding more, I mean the BHP plans to exert more influence on the operation this year so that they can take it over next year. That's a deliberate market penetration. (AP1)

AP1's argument is partially approved by AG2.

We've got administrative organizational restructuring in the government system soon. In future the Ministry of Health and Department of Social Affairs under the Ministry of Interior will be united under the same agency. Then the BHP, with its name as Health Promotion, will have to do more things now. Yes we didn't pay much attention to this issue before; but now we should undertake more responsibilities. It's high time for us to learn more from NPO A this year so that in the future NPO A feels it's OK to hand it over. (AG2)

The Ministry of Health and Welfare, which covers medical and social welfare services, is recognized as giant government agency whose two key responsibilities are the

formulation of national health policy and the provision of social security and supportive network. Professor Lin, a very important expert in social work and social affairs in Taiwan, has constantly followed the issue and studied the positioning of Ministry of Health and Welfare in the historical context internationally. He believes, according to lessons learned from the administrative systems in other countries, problems emerge between Health and Social Affairs when these two are combined together, whether it is Health to cover Social Affairs or vice versa (Lin, 2009). With the coming of organizational restructuring, the BHP may feel the crisis to find legitimacy of its position in the bureaucracy. It is based on such sense of crisis that the BHP is eager to add more on top of the championship in 2011. With bureaucratic inertia, the BHP can just stay in its comfort zone and only plays the role of a sponsor without any substantial interference. Since the Bureau reaches out to the implementation and gradually exerts its influences on the events, it can be verified that through such a deliberate penetration the BHP intentionally plans to take over the championship and transform it as a property or legacy belonging to the BHP. That way, its legitimacy under the uncertainty of governmental organizational restructuring can be consolidated.

There is yet, one final issue which needs to be discussed at the end of the story between NPO A and the BHP who is willing to trust NPO A's commitments to the elderly. The BHP does not worry that NPO A may cancel the collaboration in the process which is full of misunderstanding and conflicts. The BHP is aware of NPO A's capability and incapability and the latter especially strengthens the BHP's belief that NPO A will follow its will since the enlarged championship for which many elderly have prepared for a long time could not be possible without the BHP's support. In other words, the BHP knows that NPO A identifies itself as an NPO for the elderly's good and will never give up in the face of difficulties. This is NPO A's weakness and the BHP is thus out there to get NPO A.

Pattern 4: Distrust – imperfection in norms as the basic problem

Yet, distrust is noticed in another situation where NfE's networking rationales are biased.

In Pattern 4, strong ties and networking quality play an important role to establish mutual trust at the early stage when NPO D, Prof. ES4, and the lottery foundation construct their relation. But trust is destroyed because of NPO D's imperfection in norms. Structured distrust is the problem of NPO A's unhappy experiences with the BHP. Mutual trust between the two parties is rooted in and transferred from that between the Minister of

Health and CEO A at the very beginning, but it also seeds the following conflicts due to problems of obligations and expectations. Similar to that, there was structured trust between NPO D and its major funding source at the beginning of their collaboration but it was then turned into distrust due to imperfection in norms. NPO D is up-to-date the only one NfE receiving generous funding from the national lottery foundation. But in this study it is also the only one case suffering from financial scandal of its CEO and has overwhelming personnel change as a consequence⁹⁷. NPO D's rich story with the lottery foundation illustrates how trust, distrust, and identification jointly function in a relation which shifts between Pattern 2 (actors' mutual needs of the same importance) and Pattern 1 (unequal power relation with one as necessary condition and the other as sufficient condition). It also proves that the shift between Pattern 1 and Pattern 2 is not a consecutive one. Four stages can be summarized in their relation: (a) both are of sufficient condition in Stage 1; (b) both are of necessary condition in Stage 2; (c) one is the sufficient condition and the other is the necessary condition in Stage 3; (d) both do not need the other and there is distrust between them.

In defense of the rumor, CEO D0 recalls the whole process of his grants application from

⁹⁷ Though CEO C also suffers from financial problems his NPO C still survives and he still leads NPO C.

the lottery foundation whose main mission is to wisely spend its surplus:

People say it's I who needs the foundation more, but I don't think so. I'm sure you'll agree that before we started this relation with the lottery foundation, we're satisfied with our status quo. Without their grants I just did whatever within my capacity. I wasn't desperate for it but if I could get it, why not?
(DH0)

In *Stage 1*, Professor ES4 accompanied NPO D which was a grassroots villagers' voluntary gathering. It is also with his assistance that this voluntary gathering of local villagers was transformed into an NPO. Witnessing its launch, registration, and follow-up development, Professor ES4 admits that it is with his bridging that CEO D0 was linked to the CEO of the lottery foundation. He also notices at the very beginning CEO D0 did the networking just to do him a favor or give him "mianzi"⁹⁸. This proves that at the first stage of their networking, the lottery foundation's financial support to NPO D is not necessary and NPO D's project, though very innovative and special, is a sufficient condition for the lottery foundation.

In *Stage 2*, CEO D0 recognizes his eligibility to apply for the foundation's grant and the great possibility to win it, given Professor ES4's bridging and NPO D's specific project

⁹⁸ "Mianzi" literally means face in Mandarin, idiomatically means social position and prestige in the Chinese society.

which is of high interest to the lottery foundation. The lottery foundation supports NPOs based on some criteria and NPO D fulfilled these criteria. The foundation is established in order to support NPOs doing things correctly and well. Therefore for the foundation itself there is always a concern to find good NPOs which are eligible to receive its funding. Before the secretary of the foundation told the researcher why NPO D was selected, she offered her insights in the NPO arena, from which we can also recognize the foundation's criteria.

We're not into big proposals which are too ambitious or not that realistic. We're not into proposals deliberately crafted by professional grant writers. That's not real, either. In the NPOs world we've got both real and fake ones. We know some voracious NPOs may use the same project to apply for different grants. They pretend that they only contact you and your support is of utmost importance for the project, not for the staff. Well, everyone needs money to deliver services and of course we're very happy to see other funding bodies involved. But an applicant is not supposed to cheat. (DN1)

When talking about NPO D during the cooperation period, the secretary has a very different comment:

NPO D 's plan to increase welfare delivery was predicated on the growing demands for the elderly ageing in their original communities. This matches the Taiwanese society very well. Its program is unique and timely which other competitors cannot easily copy. We believe this is its strength and that's why we need it and select it. As you know, my job is to find good guys doing good things, and... partner with them! (DN1)

Professor ES4 also provides insight into how to approach these foundations for grants:

They tend to fund locally. Though they do broadcast their RFPs online and in publication, still we can find a tendency for them to fund nonprofits with whom they're personally acquainted. (ES4)

Up to this point, we can summarize that NPO D needs more from the lottery foundation in terms of resources (in this case money), whereas NPO D is required more by the lottery foundation for the foundation's legitimacy. The lottery foundation's trust in NPO D is rooted in Professor ES4's endorsement and his coaching NPO D from a grassroots villagers' voluntary gathering to a registered NPO.

But exactly after signing the contract, the relation between NPO D and the lottery foundation changed to an unequal power relation, which marks the *Stage 3*. This is because under the funding policy the foundation must do M&E in three consecutive years of the contract. If NPO D does not perform as expected, the worst means taken by the foundation is to stop funding NPO D in the following two years. The foundation therefore has dominance of the structure and as reported by the secretary:

Yes we like to partner and we don't want those NPOs granted by us become dependent. We have exit mechanism to ensure sustainability of NPOs whom

we support. We want our grants help them to grow up and soon they can be more financially independent. That's why one and half million is distributed into a three-year duration and we take responsibility to control the quality of NPOs' services. It's for our own accountability, too. (DN1)

Though the foundation has the ultimate power to make final decisions, statistically it never terminates a contract at the end of the first or second year. This is because it would rather help NPOs to improve through some remedial measures including the coaching of experts such as Professor ES4. Moreover, it is also harmful to the foundation's reputation especially in terms of its judgment if it terminates a contract in the middle. But still it is NPO D who needs the foundation more as CEO D0 admits the strikingly important contribution of the grant to NPO D:

Without their generosity when and how can I generate one and half million by myself? Or, let's think it in another way. Even if I really can generate so much, do they really need that money from me? Obviously it's I who needs more from them, for money! (DH0)

However, all these positive feedbacks are only referred to the three contracted years only.

After the period NPO D's relation with the foundation changed to *Stage 4* where both do not need the other. Meanwhile NPO D's financial issue was revealed and distrust against NPO D was obviously recognized from partners' reactions. CEO D0's issue basically does not influence accountability of the foundation and reputation of the Professor ES4.

Instead distrust is generally attributed to NPO D's imperfection in norms. The foundation takes no substantial punishment against NPO D as the contract finished before the scandal was released⁹⁹ and the new NPO D decided to be self-supporting without funding and interferences from outside. However both the foundation and Professor ES4¹⁰⁰ finally choose to keep a clear cut from NPO D, demonstrating again that once identification is hauled toward the upmost of distrust, negative impacts may lead to the termination of a relation. CEO D0 was dismissed as a result of his own financial issue, proving that betrayal and distrust not only harm external relations but also lead to internal turbulence.

The story amongst NPO D, Professor ES4, and the lottery foundation is slightly different from that between NPO A and the BHP. In the former case distrust emerges after the contract while in the latter case distrust increases in the process. Ironically, the huge contrast between NPO D during and after the three contract years has taught the foundation a lesson about the importance of M&E.

⁹⁹ Though it is highly suspected that during the three contract years CEO D0 already abused the funding. But since there is no strong evidence and NPO D behaved well on the surface, eventually the foundation's distrust was found after the scandal was released.

¹⁰⁰ Though Professor ES4 claims his leaving NPO D is for its sustainability, the time coincidence and his complaint against NPO D which cannot be hidden prove his distrust and disappointment.

Well, I'm not really complaining that much. After all it takes all sorts to make a world. And maybe I should thank you those fake guys so that I can find a job. Foundations need someone like me to do M&E so that they can maintain their own reputation and accountability. Anyhow, we're here for good purposes... The key is honesty, real delivery of good things. (DN1)

In the first three stages NPO D was trusted and its partners believed that NPO D would be a good role model to use grants wisely for service delivery. It is true that CEO D0 really did a good job at that time but his scandal revealed later destroyed trust previously accumulated. It is difficult to establish trust but it is easy to damage it. Moreover, trust accumulated previously can be eroded by distrust arising subsequently. It explains why the lottery foundation and Professor ES4 do not keep their relation with NPO D. Though internal personnel change is activated, NPO D is tagged with financial scandal and thus finds it difficult to apply for any funding. This also explains why the idea to be self-supporting from NPO D's new leaders can be supported by local people, regardless of new leaders' own commercial agenda. Professor ES4 is clear aware of the internal conflict within NPO D. For him it is not surprising but imaginable that NPO D's new management team cuts completely its link with outsiders. He recalls:

Without funding from the lottery foundation, CEO D0 would not keep his CEO position since his opponents always claim that NPO D can live on its own. Herbs and vegetables cultivated by local elderly can be sold in market and with that money many things such as community kitchen can be possible. But now

that funding is secured, what matters is real implementation. (ES4)

In other words, we can say that during the contract period the lottery foundation is willing to trust partially because of NPO D's incapacity. Without the funding NPO D's internal noise cannot be eliminated but the grants indeed shifts attention to practical implementation. The foundation can therefore worry much less if grants will be abused. A similar case where actors' trust in partners is based on partners' weaknesses can be found in the BHP's trust in NPO A.

Summary of back-and-forth circumambulations as a seesaw

If we compare Patterns 2, 3, and 4, we can tell that the relation between NPO B and the homeless animals NPO differs from that between NPO A and the BHP, as well as that between NPO D and the lottery foundation. There is also a fundamental difference in the cases of NPOs A and D. The former changes from two parties as the sufficient condition for the other, to two parties as the necessary condition for the other. The latter undergoes four stages: (a) both are of sufficient condition to the other; (b) both have complementary needs; (c) unequal power relation; (d) distrust due to imperfection in norms. Compared to these two cases, NPO B's relationship with its partner remains the same. NPO B needs

resources from the NPO for homeless animals who in return finds its consequential legitimacy through collaboration with NPO B. There is no formal contract or public bidding involved in their relation. Instead, it is an informal agreement based on the mixture of mutual complementary needs and emotional acquaintances. In Hwang's (1987) term, the former is the instrumental tie while the latter is an expressive tie. The term "mixed tie", coined by Hwang (1987) to describe the middle way between the instrumental and expressive ties, can be used to illustrate NPO B's relation with its NPO partner for homeless animals.

However, their mixed tie also leads to structural inertia within the relation. The strikingly similar comments from CEO B and CEO of the homeless animals NPO¹⁰¹ explain why the two parties retain the necessary condition for the other and maintain their share of complementary needs. It is true that actors cannot be one hundred percent sure if their partners are always loyal or never make mistakes, but if actors just cut the relation because of their doubts against partners, actors themselves may suffer from loss which they cannot afford. Though actors do not always find their partners a necessary condition

¹⁰¹ "I'm not afraid that you won't come to me anymore. Without me can you still play your game?" from the former and the latter refers to Germany and France in his analogy .

(e.g., NPO D and the foundation), still they may worry about the loss of their partners who are important for them. If losing partners makes no difference for actors, then the situation should be as described by AH6 – “I don’t worry that I’ll lose anything” when talking about NPO A’s relation with its commercial partners. Given the fact that one party still finds its partner important (though not always necessary), and two sides have their respective agenda while also speculating each other, it explains why actors tend to wander between trust and distrust in Patterns 2, 3, and 4.

We can now summarize that identification works as the pivot in Patterns 2, 3, and 4 where trust and distrust are on the two sides of the seesaw, and the two forces which haul the pivot’s direction are norms and obligations as illustrated in Figure 6-3. In NPO A’s case, obligations are destroyed after many conflicts between NPO A and the BHP. Indeed, these two actors have diametrically different expectations of each other. Moreover, once identification is hauled toward the upmost of distrust, negative impacts may lead to the termination of a relation. NPO C tagged by the new county magistrate¹⁰² and thus banned from funding opportunities is one example, while CEO D0 dismissed as a result of his

¹⁰² The new county magistrate is from the DPP. In 2000 to 2008 when DPP was the ruling party CEO C identified NPO C more with Taiwan and Japan. But after 2008 when the KMT returned to power he changed to KMT’s China mainstream policy.

own financial issue also demonstrates that betrayal and distrust do not only harm external relation but also lead to internal turbulence. However, these are extreme rare cases because actors find themselves more often shifting around the middle way between extreme distrust and total trust. If the kinetics is more toward distrust, then actors may go back to Pattern 1 for more measurement in terms of whom needs whom more and for what. Since it is possible to shift between Pattern 1 and other three patterns, the shift is not a one-way linear dynamics.

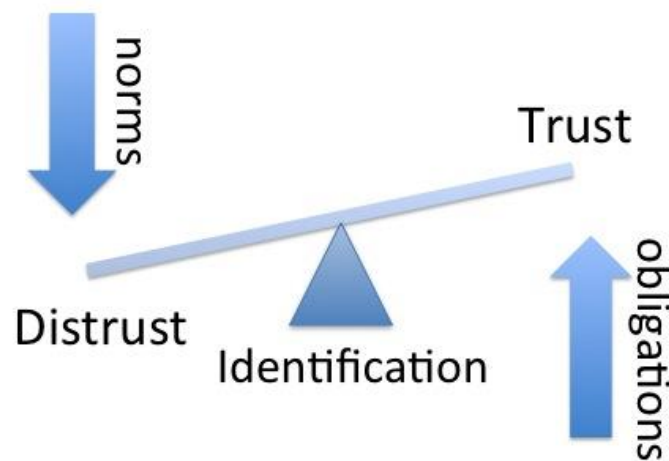


Figure 6-3 A seesaw of perceived relational social capital

6.4 Reflection

Challenges and opportunities in the ageing society are perceived by the corporate and the noncorporate. How does the second sector interact with the third sector to deal with or benefit from population ageing? And what is the consequence? This research aims to understand why organizations engaged in collective networks are willing to trust each other when loyalty and perfect performances cannot always be guaranteed. Why are organizations willing to trust partners but sacrifice? What is the mechanism for a compromise between narrow self-interest and collective well-being? If actors do not always find it easy to trust partners, how do they circumambulate each other? Under what circumstances can a relation be advanced to a stable one? Taking Taiwanese NfE as cases, this study presents an alternative answer and reveals that status and reciprocity are deeply intertwined in the social settings. Embedded trust, a term coined based on the findings, denotes the fact that actors have no choice but to trust.

Pattern 1 features in unequal power relation where the actors involved continuously

measure who needs whom more and for what. They identify the possibility of cooperation based on similarities, differences, capability and will. Actors at a more disadvantageous position are more vulnerable to collaboration availability and they identify with their partners in exchange of trust. Moreover, when a collaboration project is accepted, actors' identification of being in the same community is formed. However, with numerous back-and-forth circumambulations, actors keep asking if they should trust their partners. This differentiates Patterns 2, 3, and 4 from Pattern 1 and results are categorized as follows: (a) toward mutual trust because of complementary needs and ideal type of identification; (b) toward distrust with problems of obligations and expectations as the crucial reason; (c) toward distrust with imperfection in norms as the basic problem. More specifically, because the two parties involved tend to have the idea that "my business is also your business", a concrete base of trust is therefore established step by step and it becomes more and more difficult for a relation to be threatened by ambient interference. This is where identification jointly functions and why trust as well as identification shall be highlighted when examining inter-organizational relations.

Status and reciprocity highlighted in the social environment

While network theorists emphasize how actors are connected, Friedland and Alford (1991) asked why actors are connected. Yet more is to be explored about the function of networking. This research specifies the role of status and reciprocity in shaping networking dynamics. Just as institutional environment highlights legitimacy and technical environment emphasizes effectiveness, status and reciprocity are valued in the social environment when we review the four patterns of relational social capital.

In Pattern 1, Party One with a more vulnerable status to collaboration availability seeks to actively build a connection. By replying positively, Party Two at a more advantageous position thus does a favor to Party One. This in itself is a display of power and status ranking. Complementary needs and ideal type of identification among actors are recognized in Pattern 2. Doing and owing a favor are a two-way exchange and they are also associated with actors with higher and lower status accordingly. Actors receiving a favor are expected to repay a debt of gratitude in the future and this embodies time as a factor in the shifting between Patterns 1 and 2. In fact, decision makers find their relation with stakeholders shifting between measuring and circumambulation in many cases. Such ideas as “I know it’s good for him now and is also good for me for the future” (AH1)

and “At this moment it seems they need us more but I’m sure in the future we will also need them” (AH2) are recognized when actors gradually strengthen their belief that their partners are trustworthy. In Patterns 3 and 4, previous efforts on doing a favor cease working and the established connection is deteriorated. Distrust among actors is recognized as problems in obligations and imperfection in norms are related to their respective substantial interests and social status or prestige management.

More specifically, we can conclude that both trust and identification matter and rules of social exchange are applied if we focus on Patterns 1 and 2. There are four circumstances under which status and reciprocity function when actors have no choice but to trust though circumstances are not exactly perfect. The first two circumstances are specifically applied to Pattern 1 and the other two are more related to Pattern 2.

A. Trust with precaution: Actors at a more advantageous position feel safe to trust their partners because they have precautions and alternative solutions against anything unexpected.

B. Trust with compromise: Actors at a more disadvantageous position are aware that they need partners more than partners need them. Thus they are willing to

compromise and ignore something that is against their own interests.

C. Actors know that their partners dare not betray as these partners would expect negative reaction from actors.

D. Actors are confident in their partners, not only for partners' capability but also for their incapability.

Identification matters

Other than status, reciprocity is another trigger factor that drives networking dynamics and generates relational social capital. It is easier to activate positive identification in the networking configuration where members are more embedded and share more mutual favor or common interest. The fact that identification and trust are the two themes continuously referred to by those involved also crystalizes the importance of identification that is weighted in such embeddedness. Since both trust and identification matter for the networking configuration, it is time to elaborate where the trust comes from and how it functions together with identification.

Four forms of identification can be found: (a) actors' self-identification based on their

self-understanding and self-awareness; (b) actors' identification of partners: actors involved identify each other in terms of similarities, differences, will to cooperate and capacity to implement projects; (c) actors' identification with partners: actors identify themselves with partners by approving partners; (d) identification among actors involved as in the same community, but usually with an imaginary enemy. For the second, actors identify the possibility of cooperation. They may ask to what extent they can cooperate with a specific partner? And to what degree do they need their partners, and vice versa? For the fourth, the existence of a common enemy, usually the State, activates the sense of danger among actors and thus strengthens their sense of community. These forms of identification shape actors' decisions while everything starts from self-identification.

Embedded trust weighted by identification

Embedded trust is the trust modified by identification between NfE and their stakeholders.

Embedded trust, a term coined as based on the findings, denotes the fact that trust is a "must do" for actors who have no choice but to trust. If identification is toward positive, then there is a high level of trust. With network ties being developed and strengthened, trust can be accumulated if the overall evaluation is positive. In other words, a higher

level of trust comes together with a strengthened identification. Furthermore, an overall conclusion about trust can be summarized – actors report “I cannot help but to trust” or “I have no choice but to trust”. It means actors are still willing to trust even though they are not one hundred percent sure if things are always going correctly and circumstances are always to their advantage. Rationally they know sometimes things may go wrong but they are still willing to accept the status quo and compromised results. It is true that actors cannot always ascertain their partners’ loyalty or perfectness, but if actors just cut relations because of their doubts against partners, actors themselves may suffer from loss which they cannot afford. Such inter-dependence is further strengthened especially when there is an imaginary common enemy. As a result of the dilemma, we can see in the organizational field the embedded trust, a product of careful calculation based on and weighted by identification.

NPO A’s unhappy stories and its continuous cooperation with the BHP afterwards prove that trust per se is not sufficient to maintain or destroy a relation. Instead, what matters more is trust weighted by identification which conditions with whom NfE should be politically correct. If NfE’s efforts fail, usually the State is turned into the common enemy

against whom NfE and their stakeholders oppose. It also proves that the indicator of Pattern 3 is the consideration of political correctness. Both quasi-subordination and fighting against a common enemy are regulated by effective bonding related to NfE's networking rationale: to bypass overelaborate regulations and hydra-headed bureaucracy. Overall, embedded trust is the trust conditioned by identification, and such identification is in itself the product of social embeddedness.

Embedded trust verified through structural loop

Structural loop denotes the lack of trust among counterparts but crystalizes the embedded trust weighted by identification. The non-existence of relational social capital among peers demonstrates that structural loop as incarnated into the networking configuration is deliberately desired by the State and strategically maintained by actors involved. Plentiful examples of the four patterns also prove that structural loop is consolidated as a result of each NfE's efforts to separately accumulate rich relational social capital in its own constituency.

First, structural loop paves a road to collective alienation due to lack of mutual trust¹⁰³.

By intentionally decreasing interactions with peers, NfE protect their own territory from being invaded or merged. Why do interactions mean assimilation and potential rearrangement of networking layout? Institutional arrangement of the government and other funding body is one of the reasons for structural loop among NfE. The popular quasi-subordination is a convincing factor. Given this, NfE may identify peers as potential threat and worry peers may eventually plunder their partners through cooperation. In other words, NfE worry they may be gradually replaced and become peripheral after interacting with peers. This is why NPOs, in the name of “project by project”, endeavor to avoid networking with counterparts even though they have overlapping partners.

Structural loop can be further verified by comparing NfE’s relational social capital with their partners and peers. There are four patterns of relational social capital with partners but none of them can be found in the structural loop with peers. In Pattern 1, trust and identification are not exchanged among peers. For Patterns 2, 3, and 4, it is not a

¹⁰³ NPO A bypasses NPO C when choosing its subordinates in the east; NPO A also bypasses NPO D when starting to expand in the north.

proposition for peers whether to trust or not since they do not network. Though strong relational social capital is not found among counterparts, it is instead recognized in each NfE's networks with respective partners. We can see how relational social capital and structural social capital are associated with each other. NPO A is by far the No.1 giant NfE in Taiwan, but its hesitation in networking with peers can be illustrated by its slow expansion in the north (detouring NPOs B and D), and quasi-subordination with another grassroots association in the east (detouring NPO C). All these exemplify its structural loop with peers located in the north and east. NPO A is clearly aware of the certain cost and uncertain return if networking with peers. Unless other NfE are willing to accept NPO A's collaborative proposal and introduce NPO A to their local partners and clients, it is hard for NPO A to be welcomed in their locality. Unfortunately, other NfE do not have such plans and consequently, relational social capital established by NfE and their partners cannot be easily transferred to other peers, it therefore consolidates and lifts the threshold for NPO A to break through ramparts. In other words, each NfE manages to maintain its own networks that are difficult to penetrate and relational social capital is the key factor to strengthen the structural inertia and pave the foundation for structural loop.

From relational social capital to pragmatic legitimacy

The link between organizational social capital and pragmatic legitimacy is revealed in this chapter. Patterns 1 and 2 are highly related to exchange legitimacy which for Suchman (1995: 578) is the “expected value to a particular set of constituents” and rests on “materialistic power-dependence relations”. Compared to that, Patterns 3 and 4 crystallize dispositional legitimacy though they are exactly counter examples of personified organizations in contemporary organizational studies. While Suchman (1995: 579) argues that “in times of adversity, widespread belief in an organization's good character may dampen the delegitimizing effects of isolated failures, miscues, and reversals”. Furthermore, influence legitimacy, defined by Suchman (1995: 578) as the organizations’ willingness “to be co-opted” or “to relinquish some measure of authority to the affected audience”, is accumulated in quasi-subordination and consolidated in structural loop. In both networking practices, organizations show their readiness to respond to constituents’ interests and well-being while also realizing their own agenda.

Together with Chapter 5, this chapter explores why the four NfE have different achievements. In addressing this broad theme, attention is especially on the interaction

between NfE and their stakeholders. When it comes to the delivery and initiation of programs concerning “Active Ageing”, the four NfE are institutional entrepreneurs since they cross the institutional boundaries to generate more innovative projects, some of which even become legacies followed by the State. They deliberately construct networks, hold advantageous positions in their networks, and pool resources released by various government agencies. They satisfy different interests and expectations of various partners. After the enabling structure is expounded in Chapter 5 and the underlying mechanism is investigated in Chapter 6, we can integrate structural and relational social capital and reflect on their links. Such connection also demonstrates the coherence of this thesis. Chapter 6 illustrates how relational social capital is perceived with four patterns concluded; it also offers clues through which we can examine various conditions under which these patterns are perceived.

Chapter 7 Conclusion

With three modes of analysis: mode of industry, hierarchy, and activity, this thesis examines the emergence, development, and campaigns of NfE from three perspectives: historical background, institutional explanation and organizational social capital perspective. In this chapter, we respectively revisit and answer three research questions based on empirical findings while also review these findings in a broader theoretical lens. At the end of this chapter, relevant research topics for future exploration will be presented.

Three major questions of this thesis are:

- A. Why did a specific population of NPOs emerge in a specific spatial-temporal context to serve the elderly?
- B. How does the complex environment shape the focus and patterns of NfE?
- C. Why do NfE from the same historical background and institutional environment perform and achieve differently?

The layout of this chapter is therefore based on the three major concerns under which empirical facts are summarized accordingly, followed by arguments and dialogues with corresponding theories. Figure 7-1 outlines key findings of the empirical chapters; Figure 7-2 positions each NfE in the two-dimensional governing kinetics; Figure 7-3 visualizes the connection among three theoretical concerns in this study – institutional settings, networking, and relations; Figure 7-4 distinguishes legitimation of means and legitimation of ends while also illustrates the tripartite governance structure composed of institutional, technical, and social environment.

<p>Mode of Industry Emergence of NfE Historical Background</p>	<p>Mode of Hierarchy Development of NfE Institutional Explanation</p>	<p>Mode of Activity Campaigns of NfE Organizational Social Capital Perspective</p>	
<p>Chapter 3</p>	<p>Chapter 4</p>	<p>Structural Social Capital</p>	<p>Relational Social Capital</p>
<ul style="list-style-type: none"> ● Differentiated social welfare ● Limited nonprofit campaigns 	<ul style="list-style-type: none"> ● Institutional analysis of CCCP ● Unresolved problems <ul style="list-style-type: none"> Loose control of the State Pitfalls of regulations and bureaucratic hierachy Loose coupling of NfE's actions Cross-subsidization ● Structural inertia where NPOs are the required agents 	<p>Chapter 5</p>	<p>Chapter 6</p>
<ul style="list-style-type: none"> ● KMT's legitimacy crisis 	<ul style="list-style-type: none"> ● Counterplots to maintain legitimacy <ul style="list-style-type: none"> Little advocacy Political correctness 	<ul style="list-style-type: none"> ● Networking characteristics <ul style="list-style-type: none"> Ego-centered Project-oriented Diversity-featured Who is the only one? A common enemy ● Quasi-subordination 	<ul style="list-style-type: none"> ● Pattern 1: Identification in exchange of trust
<ul style="list-style-type: none"> ● Social movements and democratization 	<ul style="list-style-type: none"> ● Counterplots to repair legitimacy <ul style="list-style-type: none"> Institutionalization of NPO's innovations 	<ul style="list-style-type: none"> ● Structural loop 	<ul style="list-style-type: none"> ● Pattern 2: Trust (complementary needs +)
<ul style="list-style-type: none"> ● Electoral politics, welfare policy, and the evolution of NfE 		<ul style="list-style-type: none"> ● Networking rationales <ul style="list-style-type: none"> Bypassing GOV Networking of Operation & reversed NPOs' own networking NPOs facilitate networking among stakeholders 	<ul style="list-style-type: none"> ● Pattern 3: Distrust (obligations -) ● Pattern 4: Distrust (norm -)

Figure 7-1 Summaries of empirical chapters in this study

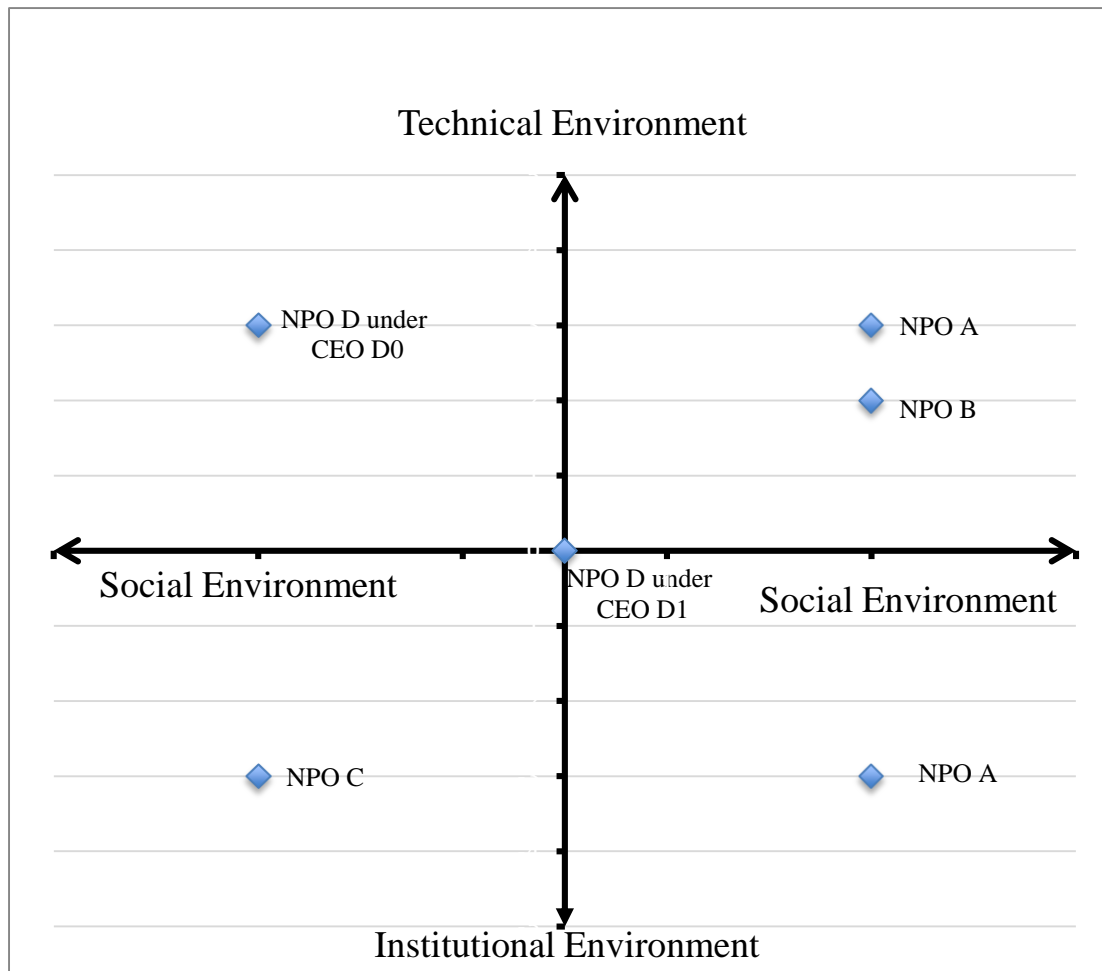


Figure 7-2 Positioning each NfE in the two-dimensional governing kinetics

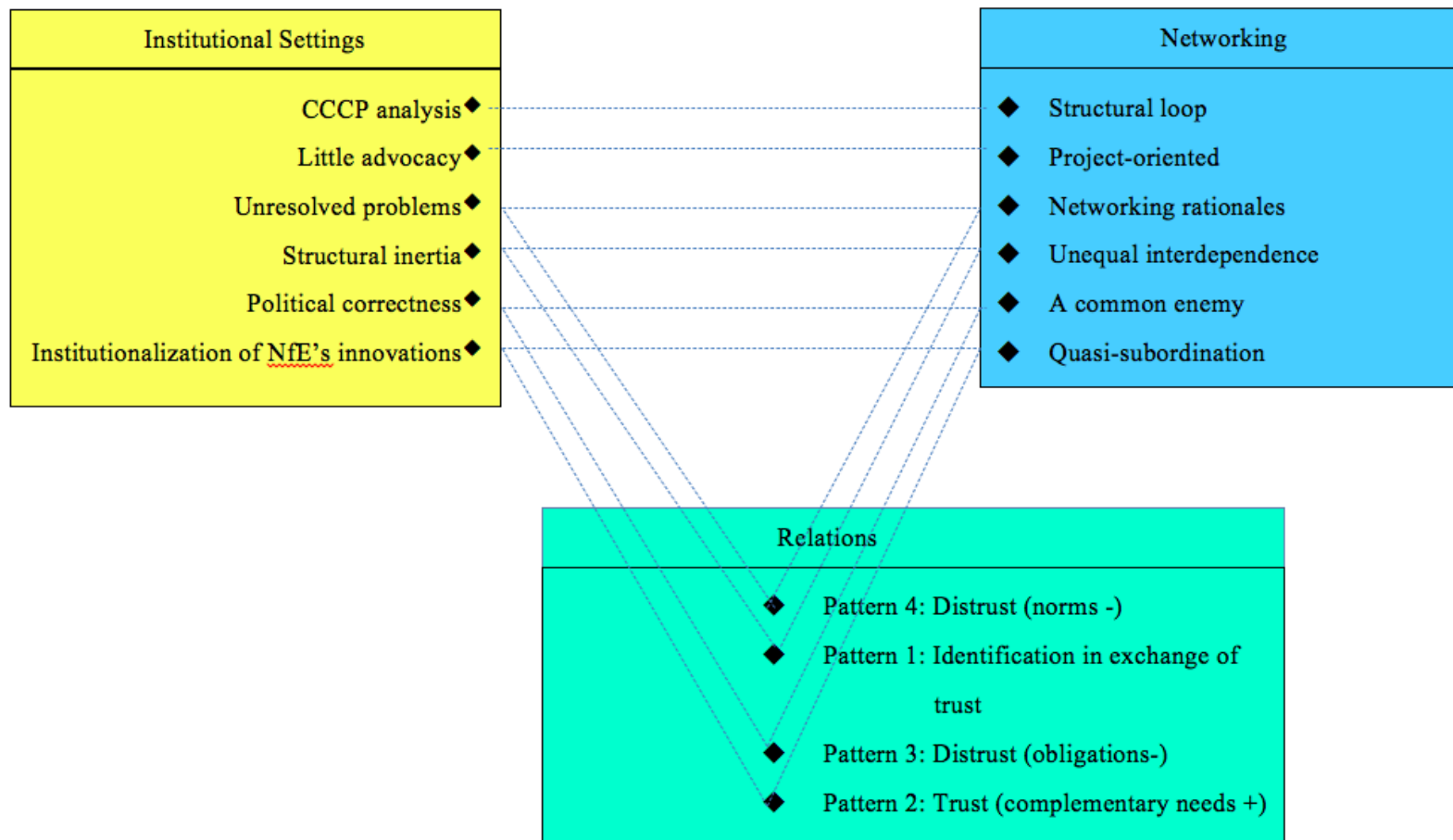
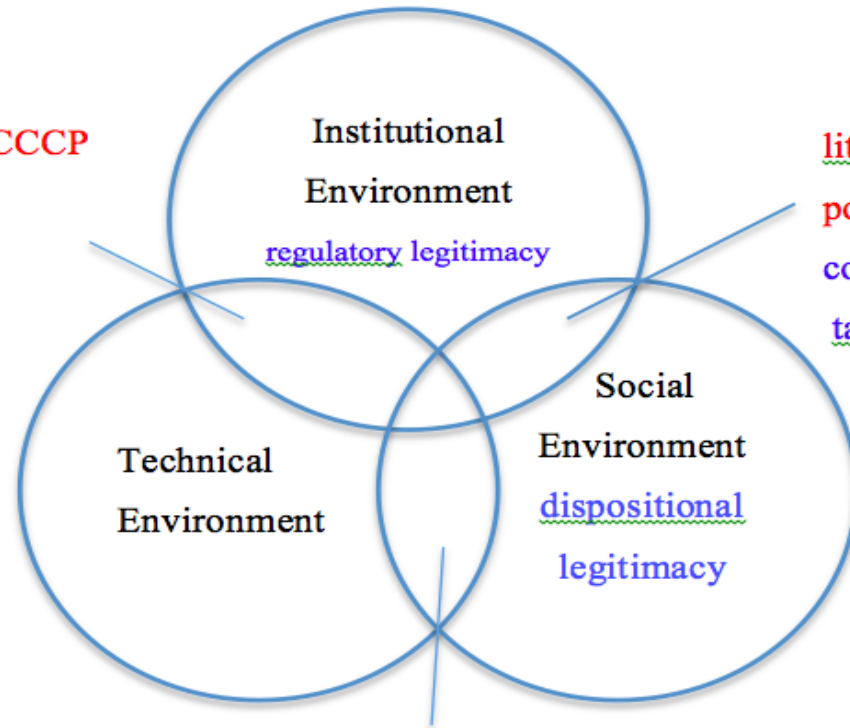


Figure 7-3 Connection among institutional settings, networking, and relations

implementation of the CCCP
categorical legitimacy
procedural legitimacy



little advocacy & political correctness
comprehensibility
taken-for-grantedness

institutionalization of innovations
consequential legitimacy, personal legitimacy
exchange legitimacy, influence legitimacy

Figure 7-4 The tripartite governance structure

7.1 Emergence of NfE

The first research question attempts to investigate why a specific population of NPOs emerged to serve the elderly in a specific spatio-temporal context: the convergence of civil and ageing society in Taiwan. It starts from the fact that age specialist NPOs emerged as a form of human service NPOs from the 1990s. As organizations do not emerge suddenly but exist in response to real demands, this study suggests that legacy from previous history has enduring impacts on later development. Social forces are turned into institutionalized organizational forms because of transformed welfare system brought about by dramatic political and social changes. The Taiwanese society in transition witnessed institutionalized organizations emerging to respond to demands accompanied with population ageing and political openness.

Findings summarized

By analyzing how NfE fared during this period in terms of legislation and mobilization, this chapter terminates at the evolution of NfE together with influences of electoral politics and welfare policy. The context for Taiwanese NfE features in the convergence of welfare state, civil society, and population ageing almost simultaneously¹⁰⁴. The KMT

¹⁰⁴ In most countries welfare state and civil society emerge at different time. For example, in Japan the welfare state was first found in the 1970s but it was after the HanShin Earthquake in 1995 that Japan saw

regime's international and domestic legitimacy crises in the 1970s forced it to increase its provision of social welfare and loosen its domination over the civil associational life. The intertwining of these two trends generated a mutually favoring environment where welfare state incorporated NPOs into its welfare delivery system while NPOs sought for legitimacy and resources under the framework of welfare state. The organizational opportunities for civil forces were in the form of organizations instead of street protests or social movements; the organizational opportunities for the elderly's interest groups also shifted from pension issues to other concerns of the elderly. The convergence of these two transformations has been embodied in the emergence and development of the third generation NfE: they are in the form of organizations and in pursuit of the elderly's health and participation concerns. With the political openness, NPOs witness a significant growth and their importance in the promotion of the elderly's welfare also increases. This marks the diversity of welfare delivery as NPOs work as the third force in the welfare delivery system and manifests the near maturation of the civil society and welfare state in Taiwan.

However, the dramatic transition between the second and third generation NfE is that security issues became the main concern in the 1993 social movement yet they are

the coming of its civil society.

missing in current NfE's campaigns. What leads to the tremendous variation? Is that because two generations operate in different sets of institutional logics or field frames? From the 1990s policy making of the welfare state was predominantly influenced by Neoliberalism highlighting privatization and efficiency. But what happened on the side of civil society?

Arguments conceptualized

NfE operate under the changing "Active Ageing" field frame and contrasting institutional logics between civil society and welfare state. First, the "Active Ageing" field frame itself has variations when NfE realize they need to find other issues to mobilize their stakeholders after the culmination of security campaigns in 1993. Meanwhile, privatization of government services and community-oriented policies feature in the State's imagination about welfare delivery and shape the NPO-State relation. Consequently, the incomplete "Active Ageing" is realized through CCCP, a policy initiated under political agenda of individual politicians and the State. Certainly by promoting incomplete "Active Ageing", NfE's importance as the State's suppliers in the welfare delivery system is strengthened but their autonomy and capacity of advocacy are threatened. Hence it therefore becomes more difficult for these civil forces scattering

around to be marshaled for a joint collective action.

The changing field frame is recognized in current NfE's avoidance of security issues and previous NfE's pension-themed campaigns culminating in 1993. While contemporary welfare state acting as the strong authority of resources features in efficiency and privatization influenced by Neoliberalism, the institutional logics of civil society are civic consciousness and grassroots community participation. Given the legacy of changing field frame and the compromise of conflicting institutional logics, inevitably their joint effects are current NfE's incomplete "Active Ageing". Furthermore, civil society is partially impeded by welfare state because grassroots community participation is facilitated but civic consciousness is sacrificed. As the social forces of civil society, NfE either try to make the most of institutions' residual value or cut their interaction with the State should they manage to secure support and recognition from technical and social environment, both of which highlight grassroots community participation.

More specifically, the State's good governance is the premise for a healthy civil society, not to mention a young one like Taiwan. But when the welfare state in a transitional democracy outsources its welfare delivery packages with the idea of privatization encouraged by Neoliberalism, NfE may suffer from a dilemma. When the government's

thinking hovers at the level of legitimacy authorization and resource allocation, the healthy development of NfE as actors in the civil society may be impeded if NfE rely only on the State. This can be understood from the following three aspects. First, in terms of formality, NfE may eventually hit on what the government likes and lose autonomy when the government guides NfE with authorization and funding. Moreover, because of the changing “Active Ageing” field frame and conflicting institutional logics of the welfare state and civil society, NfE suffer from difficulty to appropriately position themselves when facing the dilemma whether security concerns should be covered in their “Active Ageing” campaigns. Grassroots community participation is maintained but civic consciousness is sacrificed as a consequence. Finally, when it comes to the configuration of networks and power relations in the organizational field, clear ramparts and structural loop can be enhanced especially when some NfE win but others lose applications for government-funded projects or constituents’ cooperation. This further consolidates symbiosis through quasi-subordination but weakens the momentum of the NfE industry as a whole to work together toward the same goal.

As long as the elderly can follow the motto “Active Ageing” which is framed by NfE, these agents can always be in the hope of maximizing the elderly’s usefulness. However, it is necessary to be aware of potential detriments when “Active Ageing” images and

discourses are excessively applied by NfE with their own political and economic agenda. Dominating the advantageous position in the system, NfE construct a cultural hegemony with “Active Ageing”. The elderly can buy. Their economic potential can be transformed into NfE’s blue chips when interacting with stakeholders whose commercial agenda in the actively ageing silver market can be realized through NfE as the agents. This creates materials for NfE’s campaigns to raise structural and relational social capital. The elderly can vote. Their political capital does not only activate attention of the authorities concerned and those in the political arena, but also enables NfE to find nich for the realization of their appeals.

Theories reflected: exogenous institutional logics and endogenous field frames

In the convergence of civil society and welfare state, the former is impeded to some extent so that the welfare state can keep functioning while it also develops its own way to survive. Recognition that institutions and actors should be examined simultaneously but separately is required for a comprehensive understanding of the organizational field. According to Peters (1999), one problem of Sociological Institutionalism is that organizations and institutions are usually mingled in this research approach. Hall and Taylor (1996) also notice that power conflict among actors is sometimes missing in Sociological Institutionalism so that methodologically it has less focus on individual

actors. This study distinguishes organizations and institutions by introducing historical background and examining them within the historical context.

Findings help to amend disadvantages of theoretical divisions within New Institutionalism family. Oliver and Mossialos (2005) are correct to claim that some theoretical perspectives may be more appropriate under some circumstances. As Koelble (1995) notices, Sociological Institutionalism deals with institutional stability and inertia while Historical Institutionalism examines institutional change. This research should be regarded more as a Sociological Institutionalism study though admittedly it necessary to provide historical background as the forward context. It examines the background from which institutions concerning the convergence of civil society and ageing society are formed and how actors react to institutional arrangement. Compared to that, institutional change itself is not the concern in this study because CCCP is the first institution launched by the welfare state and has not undergone any change. The formation and transformation of institutions are considered as two sides of the same coin by Scott (1987 and 2008) in his Sociological Institutionalism approach, but these two are fundamentally different as formation is from the perspective of emerging institutions while transformation is based on the viewpoint of existing institutions. What if the institution to be studied is the first one without any antecedents? Obviously Sociological Institutionalism alone is not

sufficient, and this is why the historical context is presented in this study.

Friedland and Alford (1991) are the first to draw institutionalists' attention to institutional logics. For them, institutional logics are "an institutional order's organizing principles" (Friedland & Alford, 1991, p. 248) and can be understood both materially and symbolically. After their seminal work, many scholars have tried to identify ideology and institutional logics (Thornton, 2004; Delmestri, 2009; Mutch, 2009; Vogel, 2009; Weik, 2009). According to Davis, McAdam, Scott, and Zald (2005), ideology works as the framework to study social movements. Findings cover both arguments of Vogel (2009) and Weik (2009) because for Vogel (2009) ideology refers only to symbolic constructions and has no material component, while for Weik (2009) material practices are highly emphasized without specifying symbolic side of institutional logics. Furthermore, findings are more consistent with Delmestri's (2009: 117) argument that "ideologies are the institutionalized interest-laden glue justifying material practices through, and connecting them to, the symbolic constructions that make up institutional logics". To wit, symbolic constructions and material practices are not exclusive from each other and it is through ideologies that comprehensive institutional logics can be shaped.

In the seminal synthesis of Thornton, Ocasio, and Lounsbury (2012: 2), the definition of

institutional logics is reaffirmed as what Thornton and Ocasio (2008) has proposed. It is the “socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs”. By institutional logics, “individuals and organizations provide meaning to their daily activity, organize time and space, and produce their lives and experiences”. For Thornton and colleagues, how individuals, organizations, and institutions are intertwined can be examined with the framework of institutional logics which includes three categories: frames of reference to make sense of actions, vocabulary for motivation, and actors’ sense of self and identity. In summary, institutional logics are “the principles, practices, and symbols of each institutional order” and modify how reasoning is activated and the perception and interpretation of rationality.

From current NfE’s little advocacy, we can claim that “Active Ageing” field frame is followed by NfE who are “actors with a strategic interest” as what Weik (2009: 196) observes. While “Active Ageing” life style is manifested by NfE who avoid security concerns in their campaigns as a consequence of conflicting institutional logics or ideology, it proves that ideologies are “intentionally regulative” (Delmestri, 2009: 123) and echoes insights of Barley and Kunda (1992) and Simons and Ingram (1997). For the former, ideology is “a stream of discourse that promulgates, however unwittingly, a set of

assumptions about the nature of the objects with which it deals” (Barley & Kunda, 1992: 363). For the latter, ideology is “about what outcomes are desirable and how they can best be achieved” (Simons & Ingram, 1997: 784) and “actors will pursue the ends their ideology values using means derived from their ideology. In this way, ideologies provide a set of first-order organizing principles” (Simons & Ingram, 1997: 787).

As the distinguishing field frame, NfE’s “Active Ageing” practices shift from pension-themed campaign before 1993 to little advocacy in security issues after 1993. Notably, three pillars of “Active Ageing” are manipulated by the State with its own political and economic agenda. To save itself from the legitimacy crisis in the 1970s and 1980s, more political opportunities and civil associational freedom were promised by the regime. It partially met citizen’s security demands, leaving health and participation concerns of the elderly to be further addressed. Later, the third generation NfE also find it easier to mobilize stakeholders with these two concerns rather than security issues. After the 1993 culmination of pension issue, the field frame “Active Ageing” for the third generation NfE was transformed to health and participation.

Lounsbury, Ventresca and Hirsch (2003: 76-77) define the field frame as “a component of

discourse that can be altered as a direct or indirect result of political action”¹⁰⁵. By comparing the prominence of security concern in the 1993 campaigns and current incomplete “Active Ageing” appeals highlighting only health and participation, one will be convinced that the field frame differs from institutional logics because it is, as Lounsbury and colleagues propose, “political constructions that provide order and meaning to fields of activity by creating a status ordering for practices that deem some practices as more appropriate than others”. Lounsbury and colleagues are correct to distinguish exogenous institutional logics from endogenous field frames. They claim that field frames help to “stabilize power arrangements, interaction patterns and particular arrays of practices, thus limiting the possibility for change”. When NfE accept and practice the incomplete “Active Ageing”, stability of the whole system is secured as desired by the State and NfE are also satisfied because they acquire resources, regulatory legitimacy, and categorical legitimacy from the institutional environment. But why are possibilities of changes not as limited as what Lounsbury and colleagues have proposed? This is because except field frames, institutional logics are also functioning in the two-dimensional governing kinetics composed of the State’s regulations and NfE’s reaction, as well as NfE’s self-governing system with stakeholders’ support horizontally. The trial of strength between conflicting institutional logics indeed creates spaces for

¹⁰⁵ Cf. Hallett and Ventresca (2006b) who propose that political discourse can change field frames.

NfE's counterplots legitimized by their technical and social environment. This is linked to structural inertia and institutional entrepreneurship discussed in Chapter 4.

7.2 Development of NfE

The second question asks how complex environment shapes NfE's focus and patterns. Sub-questions include what the government has done to address ageing-related issues and how NfE respond to challenges and opportunities in their institutional environment from which they can obtain resources and legitimacy. To answer these questions, Chapter 4 examines institutional environment from two directions: top-down from the State to NfE with regulative frames and resource allocation, as well as NfE's bottom-up reactions toward institutional settings.

Findings summarized

Registration according to the Civil Code and CAA authorizes NfE eligibility to apply for government-sponsored projects while regulatory legitimacy is also granted. The institutional analysis of the CCCP reveals that it benefits NfE in two ways and NfE's categorical legitimacy is generated: (a) NfE are agents of the elderly and sellers of the welfare state's outsourced packages; (b) NfE are gatekeepers through whom commercial

companies access silver market and the government's official concerns are realized. However, the CCCP has its dark side. With innate pitfalls in the regulations and bureaucratic hierarchy¹⁰⁶ exploited as well as strict rules poorly or controversially implemented, the State indeed has loose control over NfE whose actions are loose coupling with formal rules. Within the bureaucracy, the CCCP is one of the options while various opportunities are released by agencies who seldom communicate. Where resources are, where NfE are, no matter what means are used. Organizational deviances such as cross-subsidization inevitably prevail as NfE take advantage of departmental selfishness in the hydra-headed bureaucracy. A further investigation of these problems also reveals that NfE are not the only one to be blamed. Instead, their problematic behavior stems from the problematic institutional design.

Furthermore, problems within institutional environment remain unresolved because of the structural inertia where NfE are the required agents and it is an accomplice structure where NfE's survival is directly linked to others' interests¹⁰⁷. The private sector's selective interests in serving the elderly and privatization in the government's welfare imagination generate a vacuum for NfE as agents that are supposed to take resources and responsibilities. The State, on the contrary, shirks responsibilities because it is supposed

¹⁰⁶ Strict regulations are poorly or controversially enforced and M&E are inadequate to control quality of NfE's welfare delivery. For instance, civil servants working under politicians whose next campaign is based on their current political performances tend to turn a blind eye.

¹⁰⁷ Especially the elected representatives, elected politicians, senior and junior civil servants.

to monitor NfE but also rely on NfE. This leads to the government's passive and ambivalent¹⁰⁸ reactions to NfE's deviation. It also proves that North (1990) is right to highlight the importance of neutral M&E. Consequently, resource channels from the government may be closed and only consequential legitimacy is held by NfE, leaving procedural legitimacy questioned and personal legitimacy harmed¹⁰⁹.

There are three counterplots for NfE to acquire resources as well as to maintain and repair legitimacy. To maintain comprehensibility and taken-for-grantedness legitimacy, they avoid politically sensitive taboo and pay more attention on substantial services concerning health and participation, rather than advocacy of social security gaps. Their little advocacy is understandable because of changing field frame and conflicting institutional logics. These two kinds of legitimacy can also be applied to elite alignment with the consideration of political correctness because it helps NfE to benefit from the vague system featuring in rule of man instead of rule of law. Notably pragmatic legitimacy also rests on political correctness. To repair their social appropriateness and to create their pragmatic legitimacy, NfE initiate innovations that are eventually institutionalized by the government.

¹⁰⁸ NPOs are ruled out because of political incorrectness and internal turbulence rather than financial scandals

¹⁰⁹ Personal legitimacy for leaders of NPOs A and B persists with their reputation and charisma but in the cases of NPOs C and D it undergoes negative impacts.

Arguments conceptualized

By analyzing how NfE position themselves in the spectrum of welfare delivery system, we aim to understand how institutional environment influences NfE and how NfE respond to it. Three arguments can be summarized.

Firstly, it is argued that institutional influences on NfE are limited and it is crystalized through the State's loose control and NfE's actions loose coupling with formal regulations. Cross-subsidization as an open secret echoes the idea of Oilver and Mossialos (2005) that power and effects are the two determinants of institutional diffusion. For the former, limits of institutions come from the ironic fact that power inequality exists between the State and NfE whose disobedience embodies the counter effects of institutional coercive forces. For the latter, effects are discounted by: (a) pitfalls in the regulations and bureaucratic hierarchy; (b) defects of democracy in transition as NfE must be politically correct not only with government agencies but also in local conditions in each community because funds are in the hands of local government and grassroots associations may be under the leadership of local factions. Power inequality due to resources allocation indicates the necessity of norms to regulate actors while NfE's counterplots also imply that only institutional arrangement is not sufficient to regulate actors who instead develop rules for their own games.

Most of Oliver's hypotheses about organizations' conformity or resistance to institutional pressures are consistent with findings of this research except his tenth hypotheses – "The lower the degree of interconnectedness in the institutional environment, the greater the likelihood of organizational resistance to institutional pressures" (Oliver, 1991:170). For Oliver, high degree of interconnectedness leads to better diffusion of norms and less resistance to institutional pressures. In this research, however, NfE are little interconnected but they still resist to institutions respectively because of discounted effects of top-down regulations. Moreover, for resources as well as regulatory and categorical legitimacy, these less interconnected NfE do not totally resist institutional processes. Instead, their contingent conformity embodies their exploitation of regulative pitfalls and bureaucratic hierarchy.

Secondly, institutional environment influences NfE but NfE also conversely shape the institutional environment. There is a one-way institutional diffusion imposed by the State on NfE but the institutional embeddedness is indeed a bilateral one because legitimized NfE as agents also shape their embedded institutional environment by: (a) institutional reuse – to reuse existing institutional frameworks to match their own agenda¹¹⁰; (b)

¹¹⁰ NfE's cross-subsidization.

institutional entrepreneurship – to initiate innovations endorsed by their stakeholders and institutionalized by the government¹¹¹.

Though institutional environment paves the foundation for NfE's establishment, it is questioned because there are intrinsic problems in the institutional design. NfE manage to receive diverse resources and legitimacy in various ways through their respective social networks and relations. This is what makes it possible for them to conversely shape the institutional environment. As resources carried by complicated and problematic institutions are not the only option, NfE develop various strategic responses and find solutions elsewhere. Notably, their position in the resource deployment system support their bottom-up reaction and their initiated innovations adopted by the State also justify such reversible influence. To wit, the governing kinetics has two dimensions – vertical and horizontal. The vertical one has top-down regulation from the State and NfE's bottom-up reaction, and the bottom-up reaction is indeed shaped and legitimized by their stakeholders' support horizontally. Top-down conditioning of institutions and NfE's bottom-up strategic responses horizontally legitimized by networks co-exist.

¹¹¹ Four NfE develop their alternative approaches to serve the elderly, which are usually beyond the State's existing regulation but become possible due to stakeholders' support. NPO A features in innovative projects at the national level because it manages to mobilize grassroots associations. NPO B bypasses the State but rely on collaboration with other NPOs or nursing homes. NPO C is actively involved in performing activities and education programs. NPO D develops its unique "gardening, eating, and learning together" campaign.

Thirdly, the importance of legitimacy and resources offered by institutional settings continuously decreases given loose control of the State and loose coupling of NfE's actions, but for the rest of NfE's operation the significance of those received through technical and social environment gradually increases. At the early development stage NfE hook institutions that are regulative and normative for regulatory and categorical legitimacy as well as subsidies¹¹² because of institutional regulativeness. This is in line with findings of Kitchener and Harrington (2004) whose cases are the American long-term care organizations – before organizations receive resources and supports from grassroots communities and families, they must be legitimized through legal processes. But when problems in the institutional environment emerge and cannot be resolved solely from the institutional side, NfE resort to their institutional entrepreneurship – the institutionalization of their innovations – to repair their social appropriateness and create more channels to access resources. Obviously this is highly related to their technical performances as well as their social networks and relations.

Theories reflected: New Institutionalism

While Meyer and Rowan (1977) concern about the importance of institutional

¹¹² According to the CAA, NPOs must receive approval of the authorities concerned to complete their registration. However once NPOs are officially allowed to register, the government has loose control over NPOs. Minutes of members' annual meetings and NPOs' financial report of fiscal year are required only for formality reason. It also implies that it is hard to expect legitimacy to be granted by institutions for the rest of NPOs' operation as it is to some extent illegitimate if only judged according to regulations.

environment, its influence on organizational behaviors, and a top-down process of institutionalization, DiMaggio and Powell (1983a) highlight the relationship and interdependence among organizations. According to Powell (1990), New Institutionalism investigates influences of institutional environment on organizations based on organizations' established contexts. Hence it provides appropriate lens to deepen our understanding of NfE's organizational behavior.

Given the imperfection of institutions and the authorities concerned who formulate and implement institutions, some of NfE's reactions could be illegitimate if only judged according to formal regulations but could be legitimized by stakeholders' support. The idea of Hall and Taylor (1996) is applied to justify this research which compensates institutionalist approach with concepts of organizational social capital theorists as these two can reinforce each other. Hall and Taylor agree with the idea of Sociological institutionalists who argue that organizations behave in socially appropriate ways. In their term, legitimacy is "social appropriateness" (Hall & Taylor, 1996: 951). Notably, in this study social appropriateness is further strengthened given the tripartite governance structure composed of NfE's embedded institutional, technical, and social environment. However, they also remind that Sociological institutionalists overemphasize macro-level mechanism and ignore power conflict among actors involved. Therefore three pages later

they indicate “action without agents” as a potential problem of Sociological Institutionalism (Hall & Taylor, 1996: 954). Since NfE’s legitimacy can be generated in their social networks and relations, it is exactly because of “social appropriateness” that we can never find unlimited expansion of NfE’s strategic responses. Instead, their various counterplots usually stay within a socially appropriate framework that is defined by NfE’s embedded context. This is in line with arguments of DiMaggio (1991) and Edelman (1990) who noticed that contention grants framework of meanings.

NfE’s counterplots prove that institutions for actors work as a strategic context, a concept developed by Steinmo, Thelen, and Longstreth (1992). NfE exert their agency within the structure by developing an alternative self-governing system which is far away from the government control and is enabled by their collective actions with stakeholders. Although it is commonly believed that actors access resources because legitimacy is secured in their institutional environment (DiMaggio & Powell, 1991; Hall & Taylor, 1996; Scott, 2008), such depiction may not be applicable under some circumstances because of problematic institutions together with inevitable regulative pitfalls and constraining structural inertia. According to Scott (2008), institutionalists should pay attention to norms and tools required for organizations’ legitimacy, and this is exactly how this study can dialogue with other institutionalists.

Regulative, normative, as well as cultural-cognitive elements of institutions are concluded by Scott (2008: 48) and different types of legitimacy are recognized accordingly. Kostova and Zaheer (1999: 67) also claim that “different types of legitimacy reflect the different types of institutions operating in the environment”, but their idea is partially applicable in this study. On one hand, findings echo these scholars’ idea because diverse types of legitimacy are also identified in this study; on the other hand, this research differs from theirs because the term “institutions” for them is understood in a broad sense but in this study it is applied in a narrow sense. To make it more accurate and consistent with findings, it shall be contended that various types of legitimacy function at different development stages when organizations need to cope with criteria of diverse embedded environment – institutional, technical, and social environment.

Findings also reveal that isomorphism, institutional logics, field frame, and institutional entrepreneurship within the institutionalists family are the major concepts to be reviewed.

As institutional logics and field frame have been specified in Section 7.1, this section will focus on isomorphism and institutional entrepreneurship. Isomorphism in the organizational field is recognized as NfE accept the incomplete “Active Ageing” and acquire resources and legitimacy from institutional, technical, and social environment.

They are also similar as their counterplots closely resemble each other. According to DiMaggio and Powell (1983a), the consequence of institutionalization is institutional isomorphism by which organizations earn legitimacy. Among their summarized three forces of institutional isomorphism, mimetic forces and normative forces are not convincing factors in this study as NfE do not interact with peers. Instead, coercive force is partially functioning because according to the Civil Code and CAA these social forces are required to register as NPOs, otherwise they are not entitled to apply for CCCP or any other government-funded projects.

Shall we assert that coercive isomorphism is an overwhelmingly dominant force to ultimately modify the NfE industry? It is partially true given the fact that government, with its control over funding and authorization, is the major partner for NfE. But coercive forces are not the only answer to the puzzle because NfE have their own innovations institutionalized by the government and develop other counterplots. Coercive forces have counter effects¹¹³ but this is missing in the argument of DiMaggio and Powell (1983a). It is true that government intervention has impacts on NfE but actors within the structure are not always as what Meyer and Rowan (1977) propose to passively receive offers of the environment. NfE may, as what Peters (1999) observes, have the capabilities to create an

¹¹³ These counter effects can be found in NfE's distrust against the State, deviances in the regulative pitfalls, bypassing institutional settings as the universal networking rationale, and totally cutting interaction with the State.

advantageous environment to realize their own agenda by mobilizing their stakeholders.

NfE's counterplots in response to institutions are the afore-mentioned counter effects of coercive forces. This topic receives huge attention academically and is termed differently by various scholars. For example, they are "strategic responses to institutional processes" (Oliver, 1991: 145), "strategic variation in response to institutional environment" (Zucker, 1991: 105), "institutional work" (Boxenbaum & Strandgaard Pedersen, 2009: 178), and "institutional entrepreneurship" (Battilana, Leca, & Boxenbaum, 2009: 65). But why are counter effects accompanied with coercive forces? Conflicts of institutional logics and institutional entrepreneurship as the consequence provide a cogent explanation.

Organizations' strategies for gaining, maintaining, and repairing legitimacy are concluded by Suchman (1995). Findings polish Suchman's argument by suggesting that NfE repair their social appropriateness by creating pragmatic legitimacy. More specifically, pragmatic legitimacy relates to their institutional entrepreneurship in initiating innovations which are then institutionalized by the government. Though many scholars have shed light on organizations' institutional entrepreneurship (Oliver, 1991; Zucker, 1991; Boxenbaum & Strandgaard Pedersen, 2009; Battilana, Leca, & Boxenbaum, 2009), they do not tell us why measures taken for technical performances can be legitimized based on informal norms of social networks. To solve the puzzle, we

shall incorporate the concept of “coupling” and compare the three counterplots. For Orton and Weick (1990), coupling should be considered as a process and “as something that organizations do, rather than merely as something they have” (Orton & Weick, 1990: 218). Creed, Scully, and Austin (2002) believe that social reality of daily operation should be emphasized when studying coupling process. Hallett and Ventresca (2006a: 921) assert that coupling is “a process of tangible conflict and power struggles”. In this study, conflicts are due to contrasting institutional logics and power struggles come from the resource distribution among the government, NfE, and their stakeholders.

NfE’s actions loose coupling with formal norms harm their procedural legitimacy though their consequential legitimacy is still kept. As observed by Orton and Weick (1990), loose coupling is not only a strategic process but also a situated system one. This explains why resources are still accessed through institutional environment even NfE’s actions are loose coupling with institutional norms. Compared to that, NfE’s actions coupling with norms of their own constructed social networks bring them exchange, influence, as well as dispositional legitimacy. Convincing evidences can be found when NfE manage to mobilize stakeholders and promote their innovations which are then incorporated into the government’s policy framework. This echoes Hallett and Ventresca’s arguments (2006a: 921) that coupling processes guide our attention “to honor local activity and to remember

how wider cultural myths provide ordering rules for action". As NfE's innovations eventually become new institutions adopted by the government, findings are in line with Hallett and Ventresca's ideas that the dynamic coupling process is the key to explain the emergence of new institutional forms.

In this study, coupling process in the social environment functions as a glue to adhere NfE and their stakeholders whose endorsement legitimizes NfE's bottom-up reaction. Institutions, therefore, are no more inert but "inhabited" by actors and their actions (Scully & Creed, 1997; Hallett & Ventresca, 2006a; Hallett & Ventresca, 2006b). Notably, in line with the contention of Hallett and Ventresca (2006a) that coupling processes should be considered as "historical, contingent, and situated" (Hallett & Ventresca, 2006a: 921), the design and findings of this study also crystalize the value to integrate historical background, institutional environment, as well as social networks and relations in an organizational study.

With political openness and privatization, the political opportunities are equal to all NPOs who respond differently with respective capabilities. Whether organizations can identify, access, and seize opportunities is determined by their organizational capabilities. As Scott (1991: 170) mentions, organizations have their own "strategic choice" with regard to their

institutional environment. Organizations are not only passive receivers of what the environment offers but can actively create more possibilities. Teece and Pisano's (1994) idea about organizational capabilities is useful to understand the dynamics. Except for organizational resources and assets, another organizational factor which influences organizational performance is the organizational capabilities. With an organization's capacities, competencies, and experiences as the component, organizational capabilities shape how various organizations interpret and utilize opportunities. Four NfE in this study are different from each other – two are at the national level and two are at the local level; two offer a variety of programs while services of the other two are much limited. Teece and Pisano (1994) believe that organizations respond diversely to outside stimuli because of their respective resources and capabilities. Past practices also condition organizations' measures. NPO B which avoids direct interaction with the State demonstrates how previous experience modifies NfE's decision.

How can Teece and Pisano's concept about "dynamic capabilities" help to explain NPOs C and D's survival given their controversial issues? Teece and Pisano (1994) believe that there is a mutual influence between organizations' capabilities and their embedded environment. While the environment keeps changing, organizations rely on their management capability to integrate internal organizational competences and external

resources. NPOs C and D survive because they find competitive advantage rooted in the dynamic capabilities as the result of mutual influences between the environment and organizations' response toward it. As long as NPOs C and D can deliver something of the elderly's interest which others cannot, it is not difficult for them to find niche and legitimacy. However, while Teece and Pisano (1994) notice that organizational capabilities influence organizational performance, they do not specify the definition of a good performance. Taking NPOs C and D as examples, their performances and innovations are outstanding, but we shall rethink the definition of a good performance when accountability and transparency issues are taken into consideration.

Scott and Meyer (1983) believe that organizations cope with criteria of institutional environment. Based on their argument, Teece and Pisano (1994) further develop their idea about organizational capabilities. When there are unresolved problems in the institutional environment, it makes little sense for organizations to only rely on legitimacy granted by institutions. Integrating both concepts from Scott and Meyer (1983) and Teece and Pisano (1994), we can have a better understanding of the interaction between NfE and their embedded environment – organizations need to deal with criteria of both the technical and institutional environment. But if the latter has problems, organizations cannot only rely on legitimacy from it. Instead, recognition based on

technical performance matters. Overall, organizational performance is determined by dynamic organizational capabilities that are the outcome of mutual influences between external environment and organizations' internal capacities, competencies, and experiences.

If we apply Scott and Meyer's (1983) concept about institutional environment and technical environment, we can supplement Teece and Pisano's theoretical framework with three aspects of organizational performance: institutional, technical, and social performances. In NPOs C and D's cases, because their performance in technical environment is better and less problematic than that in the institutional one, consequently the importance of the technical environment surpasses that of the institutional one and even changes its nature. Niche and technical performances generate comparative advantage which differentiates NfE and thus strengthens their pragmatic legitimacy. At this stage, legitimation of ends functions more because cognitive and constitutive rules are coupling with norms of NfE's social networks. Consequently, NfE secure support and endorsement from the external environment and their innovations become legacies to be followed.

7.3 Campaigns of NfE

The third research question aims to explain why NfE perform and achieve differently, particularly given the fact that they are from the same historical background and institutional environment. While political openness creates more opportunities for the third generation NfE, they are confronted by new challenges as well. Resources and legitimacy are vital for NfE's operation but those carried by institutions are not always at their disposal. NfE in return make efforts to acquire resources and legitimacy through their constructed social networks and relations. The significance of social networks and relations is prominent not only because securing resources from a competitive environment becomes more difficult if NfE do it alone¹¹⁴, but also in the construction of their pragmatic legitimacy. Institutional coerciveness mainly functions at the registration stage, but for the rest of NfE's operation it is stakeholders' support that matters more. By examining benefits and limits brought by social networks and relations, we shall be able to draw a clear picture of NfE's structural and relational social capital.

In Chapter 4, a vertical (top-down and bottom-up) perspective is applied to examine the dynamics in the hierarchy. In Chapter 5 and 6 a horizontal perspective is utilized to investigate how each NfE reacts to institutions with support of their stakeholders. This

¹¹⁴ In their biddings stakeholders' support and endorsement are usually highlighted to increase chances of winning bids.

explains why NfE achieve and perform differently since their resource and legitimacy acquisition is a joint effort together with stakeholders. NfE's three counterplots to maintain and repair legitimacy¹¹⁵ are also strongly associated with their social networks and relations. Their different achievements can be noticed together with various networking clusters of small cliques in the organizational field. Questions such as what networking strategies are developed and how social relations benefit or constrain NfE are investigated.

Findings summarized

The elderly as the target, locality, and supply chain issue are the underlying forces of NfE's networking which is ego-centered, project-oriented, and diversity-featured. Unequal inter-dependance and a common enemy as the third party also characterize their networking. Potential conflicts of interests as a result of differences between two parties can be harmonized when a common enemy as the third party, usually the State, exists as an exit to release the stress. It also activates sense of danger among group members and thus strengthens their sense of community. As two actors share similarities when a third party is planted to bridge the two sides, symbiosis becomes possible while harmony and stabilization can be achieved.

¹¹⁵ Comprehensibility and taken-for-grantedness legitimacy rest on consideration of political correctness and little advocacy; elite alignment of political correctness also has implication for pragmatic legitimacy; institutionalization of NfE's innovations generates pragmatic legitimacy.

Quasi-subordination and structural loop are popular for NfE who intentionally network with partners but avoid interaction with peers. NfE seldom interact with each other but have respectively consolidated their own networks whose support makes it possible for NfE's innovations to be followed by the government. Quasi-subordination and structural loop seem contrasting but in reality correlating – while symbiosis is reinforced by quasi-subordination in each NfE's constituency, clear ramparts among NfE further strengthen structural loop. NfE are aware of the difficulty to merge counterparts and few structural incentives to interact with each other. This reflects the diversity of the industry¹¹⁶.

Networking of NPOs A and B has contrasting meanings against that of NPOs C and D. For the former it is “networking of operation” without neglecting primary functions but it is “operation of networking” for the latter who prioritize networking in their daily operation to display the quantity of network ties rather than the quality. Both NPOs A and B are selective in making mutual introduction among partners and they only do so when it is necessary for a project. In comparison, NPOs C and D are reluctant to facilitate mutual

¹¹⁶ NPO A has no plan to increase its branches but prefers sharing its know-how with other smaller NPOs for free; NPO B has no plan to increase varieties of its programs or work directly with the government, but prefers cooperation with other NPOs based on its specialty; NPO C accepts the difficulty to be a nationwide NPO as NPO A and thus is willing to undertake outsourced projects from other NPOs; in the name of autonomy NPO D decides to be a self-sustained community-based organization and rejects any support or intervention from external bodies.

introduction; monopolization of resources is their main purpose if they really have to do so. The distribution of interests embedded in social networks and relations differ between the two groups – for NPOs C and D it is more for their narrow self-interest but collective well-being is also taken into consideration by NPOs A and B.

Arguments conceptualized

Three arguments are summarized. Firstly, NfE benefit from but are also constrained by their respective social networks and relations. Organizational social capital has both the positive and negative sides, such as “operation of networking” to display the amount of ties rather than to facilitate a project. But in most cases NfE try to benefit from their networks so that output of their efforts can be maximized. They tend to maintain good relationships with stakeholders while they intentionally avoid interaction with counterparts. A term, structural loop, is coined to crystalize the lack of interaction among NfE. This relates to the next argument about NPOs’ legitimacy generated from their social networks and relations.

Secondly, while the significance of institutions to NfE’s resources and legitimacy acquisition decreases, resources and legitimacy carried by social networks and relations are more and more critical for NfE. Being agents of the elderly does not automatically

grant legitimacy to NfE. Instead, some criteria are necessary and these criteria are highly related to social networks and relations. The first is the prevalence and institutionalization of NfE's innovations due to stakeholders' involvement and support, as well as the government's adoption¹¹⁷. The second factor is structural loop. Each NfE has its own specialty and delivers services in different geographic areas, it therefore takes more efforts for competitors to penetrate into an NfE's constituency. Since each NfE consolidates its own network to realize its project, breaking through structural inertia is difficult but securing respective legitimacy is the by-product. In other words, through structural loop NfE secure legitimacy within their respective social networks and protect it from being captured by peers.

Except institutional environment, technical environment and social environment also grant legitimacy. An organization's performance is determined by the reciprocation of its external environment and internal competencies¹¹⁸. Niche and the technical performances generate comparative advantage which differentiates NfE and reinforces their pragmatic legitimacy¹¹⁹. Since each NfE's technical environment varies with their diverse mission and social networks, its legitimacy can be strengthened as long as it can secure

¹¹⁷ E.g., NPO A's fitness championship and NPO D's "gardening, eating, learning together" campaign.

¹¹⁸ External environment for NPOs A and C are similar, but their difference comes from the fact that NPO A was founded as a foundation with plenty of money and NPO C is a membership association.

¹¹⁹ For instance, NPO B has niche in its specific service with a high entry barrier. With more partners being willing to incorporate its service, its technical performance is appreciated and can further contribute to its comparative advantage and pragmatic legitimacy.

recognition based on technical performance and support from its social networks. This proves that legitimation of ends is through both the technical and social environment. Moreover, when organizational performance in technical environment matters more than that in institutional one, the nature of the latter can even be changed. This is especially true when NfE's innovations become legacies followed by the government and alternative institutions are therefore created. Endorsements coming from the government and stakeholders, either in the form of idea promotion or substantial collaboration, are highly related to NfE's social environment – their embedded social networks and relations.

Thirdly, the connection among structural and relational social capital as well as the institutional environment is illustrated in Figure 7-3. With various patterns of relational social capital perceived and corresponding features of institutional settings and networking configuration recognized, it is possible to clarify the role of relational social capital in our discussion about NfE's organizational behavior when confronted by institutional influences and networking dynamics.

In Pattern 1 where economic rationality is the indicator, an actor's identification is in exchange of its partner's trust. For instance, by identifying NPO A's value, partners show

their sincerity to NPO A. On commencement, partners may expect NfE's positive responses from which a collaborative proposal is raised and trust can be accumulated. This echoes the unequal power relation, inter-dependence, and networking configuration that partners are not the only choice for NfE. However, as the rare specialists in population ageing who are authorized to run the CCCP, NfE are in many cases the only candidate partners for their stakeholders from various backgrounds. Power inequality is derived from structural inertia shaped by institutional arrangements where NfE are the required agents and dominate an advantageous position in the welfare delivery system.

In Pattern 2, mutual trust is possible if two sides have complementary needs. Quasi-subordination, seemingly vertically integrated but literally horizontally cooperating, functions with complementary needs and mutual trust as the premise. Symbiosis accompanied with quasi-subordination installs possibilities for the prevalence of NfE's innovations whose institutionalization is also facilitated. It also reflects the division and stratification of NfE industry – some are dealing with proposal writing while others are delivering services at the grassroots level. Certainly, the relation is upgraded to a stable one when identification is steered toward trust.

In Pattern 3, it is not easy to avoid problems of obligations as networking is diversity-featured and it is costly to specify detailed obligation of each relation. NPO A's unhappy stories and its continuous cooperation with the BHP afterwards prove that trust per se is not sufficient to maintain or destroy a relation. Instead, what matters more is trust weighted by identification that conditions with whom NfE shall be politically correct. If NfE's efforts into political correctness fail, usually the State or the government is turned into the common enemy against whom NfE and their stakeholders oppose together. It also proves that the indicator of Pattern 3 is the consideration of political correctness. Both quasi-subordination and fighting against a common enemy are regulated by effective bonding related to NfE's networking rationale: to bypass overelaborate regulations and hydra-headed bureaucracy. This echoes the networking characteristics where a common enemy exists as the third party to harmonize relationship.

In Pattern 4, distrust against NfE comes from financial scandal. Imperfection in norms deteriorates trust and situation becomes worse because their networking rationales are biased – NPOs C and D neglect their primary functions but care much less on quality of networking. They tend not to facilitate mutual introduction among partners and if they really have to do so they aim to monopolize resources embedded in the networks. Their imperfection in norms can be traced back to unresolved problems in the institutional

settings such as cross-subsidization under the State's loose control. This is due to innate pitfalls in the regulations and bureaucratic hierarchy.

Theories reflected: Organizational Social Capital

The theoretical contribution of this study toward Organizational Social Capital can be presented in four aspects. The groundbreaking work of Nahapiet and Ghoshal (1998) indeed inspires many scholars and there is an academic community dealing with relevant issues. In one way, this research inherits such tradition. Findings also reveal that structural and relational social capital, rather than the cognitive one, are more evident in NfE's organizational behavior and perceived organizational social capital. Only in some studies such as Lang's (2012) research about scenario planning that we can see a clear role of cognitive social capital. However, what is missing in relevant literature is how and why organizational social capital influences organizational performances. This research differentiates itself from other works of the same theoretical origin. This is because it further specifies the mechanism by which structural and relational social capital function together¹²⁰ and lead to various organizational performances. Furthermore, what concerns the researcher is not only to analyze the status quo of networks as it is, but also to examine the dynamics and rationales of networking as an ongoing process. Different from most

¹²⁰ Such dynamics is elaborated in the afore-mentioned third argument of Section 7.2.

network studies with quantitative approach, this research highlights networking process qualitatively and thus generates alternative materials to dialogue with existing theories.

Firstly, “structural loop” enriches our conception of structural hole developed by Burt (1992) who does tell us the significance of structural hole but does not specify why and how possible actors of the same kind take advantage of structural holes. It is true that networks facilitate exchanges and shape a particular pattern of resource deployment, but it is with “structural loop” that actors of the same industry are able to maintain and benefit from structural hole. Perspectives of structural competitiveness and institutional settings closely relate to each other and echo the argument that social networks and relations carry both legitimacy and resources.

The first issue is about structural competitiveness and is largely concerned with legitimacy. There are few structural incentives for peers’ interaction because each NfE cannot be completely imitated or replaced with its own niche and respective capabilities. Functioning as the agent of stakeholders in different geographic areas and consolidating its own network to realize projects, each NfE resists potential external invasion while also concentrates on the ego-centered networking with diverse partners. With strong and clear ramparts, it takes more efforts to penetrate into each NfE’s constituency and break

through structural inertia. Moreover, the institutionalization of NfE's innovations further strengthens their legitimacy with stakeholders' support. Here we can enrich McAdam and colleagues' (1996) concept about elite alignment. While they notice the importance of informal power relations to mobilize social movements, findings about structural loop offer an alternative to reversely justify the significance of elite alignment. Each NfE has its own elite alignment respectively, but with structural loop there are few opportunities for these clusters of informal power relations to be engaged in a joint project. This explains why third generation NfE are much less mobilized in advocacy. With structural loop, it becomes more plausible for NfE to collectively but differently reform institutions with their respective strategies. This can be linked to issues about institutional design in a broader context.

The second is from an institutional perspective and more relevant to resources. The popularity of quasi-subordination implies potential assimilation effects of interaction with peers. It is believed that consolidated alienation among peers by structural loop is good for NfE's pursuit of resources. This is because government officers tend to diversify their funding receivers otherwise they are taking risks to profit designated partners. Private companies and funding bodies also disapprove of redundancy unless there are very few applications. Structural loop is preferred by NfE to differentiate themselves and

increase their chances to be selected in each bidding. Moreover, though only registered civil associations are entitled to run CCCP, it is still quite competitive because there is no division of resources in the government's outsource packages. By maintaining respective niche without interaction, each NfE encloses a territory, finds its own advantaged position in the industry, keeps its hub position in respective networks and worries less about being marginalized. Given structural loop, government agencies easily recognize which NfE to collaborate with based on nature of its proposal, and this makes the transfer of resources more efficient.

Secondly, the organizational field of this study fundamentally differs from that of Granovetter's research because triadic closure does not necessarily exist in this study. Granovetter (1983) defines triadic closure as the consequential link between Parties Two and Three if Party One is connected to Parties Two and Three. As he observes, "the stronger the tie between two people, the greater the extent of overlap in their friendship circles." (Granovetter, 1983: 218). This is true in Granovetter's research context but in this study it is not always the case. Moreover, the definition of redundancy for actors in this study also differs from that in Granovetter's research. For Granovetter, redundancy is generated when two actors are linked with each other and their respective partners are automatically tied. But it is not the case in this study and actors may find it redundant to

maintain weak ties which are not of much use for their project-oriented and locality-based operations. Granovetter defines a tie as “a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie.” (Granovetter, 1973: 1361). He also argues that a social network can be broadened through the bridging mechanism. Findings of this research are partially consistent with Granovetter’s arguments that emphasize the value of weak ties in the diffusion across a given network. But this study also values the importance of strong ties because strong ties do not necessarily produce redundancy. As the networking configuration is ego-centered and stakeholders involved in NfE’s networks do not necessarily know each other¹²¹, we can assert that strong ties do not lead to redundancy. While NfE deliberately construct their networks mainly for a project which requires a diversity of resources in a given geopolitical locality, we can imagine that both strong and weak ties are of use for NfE.

Thirdly, networking practices observed in this study can be compared with other empirical studies. Chang (1999) observes the networking of hospitals¹²² in Taiwan and finds that leading hospitals respectively establish their own clusters of networks with smaller hospitals joining in. Actors in one cluster seldom interact with those in other

¹²¹ This is especially true for NPOs C and D. See Section 5.5.2 for more details.

¹²² Hospitals as a type of NPOs.

clusters even in terms of patients' referral. We can find similar networking practices in this study as NfE tend not to network with their peers. There are, however, two differences between Chang's study and this one. First, the superiors usually do not have direct control over their subordinates as leading hospitals have. Quasi-subordination seems vertical integration but is indeed horizontal cooperation. Second, NfE are not like leading hospitals that reach into the daily operation of their subordinates to a great extent. They mainly interact with their subordinates based on projects and do not intervene subordinates' operation. Moreover, findings also differ from Chen's study about organizational networks in the Taiwanese integrated-circuit industry. Chen (2008) realizes that networking in this context is strongly related with the well-developed supply chain system. Complementary needs among each segment of the supply chain highlight the necessity of networking among actors, but it also leads to the uniformity, rather than diversity of networking in this industry. In this study, however, project-oriented and diversity-featured networking characterizes the NfE industry.

In her compelling analysis highlighting the impacts of different organizational forms and networking practices on organizational and regional performances, Saxenian (1994) explains why Silicon Valley flourished but firms along Route 128 declined when facing the fast pace of technological innovation. Silicon Valley features in a decentralized

organizational form and cooperative tradition, as opposed to the hierarchical systems and lack of networking among self-contained companies along Route 128. In Saxenian's term, Silicon Valley has "regional advantage" with its regional network-based industrial system. Given the frequent horizontal flow and collective actions among companies, it is more possible for them to flexibly adjust to radical environmental change. Route 128, however, is dominated by big independent companies who seldom network with each other. Negotiation and communication are mainly within, rather than among these individual companies.

While companies in the Silicon Valley network with each other, it is not the case along Route 128. Such contrasting practices, however, co-exist in this study. Unlike Saxenian's (1994) research which compares networking differences as a result of contrasting norms in two regions, this research compares NfE's networking with peers and partners¹²³. At the individual organization's level, each NfE behaves after companies in the Silicon Valley because each has networks in respective constituency. More specifically, quasi-subordination can be recognized when NfE network with partners and each features in flat organizational forms as well as flexibility in adjustment. But when they are inspected as a whole of the same industry, there is almost no interaction among peers in

¹²³ Peers are NfE whose clients are exclusively the elderly; partners are other NPOs or grassroots associations who partially have the elderly as the overlapping clients.

the same industry. This makes NfE similar to firms along Route 128. Each NfE belongs to its own quasi-subordination system and few structural incentives to network with peers lead to structural loop in the organizational field. Overall, Saxenian's work has institutional meaning and implication about organizational networks. Different networking practices among companies in these two regions can be considered as the norm which further leads to contrasting institutional arrangements. In this study, quasi-subordination and structural loop as the two sides of the same coin also imply the mutual influence between institutional settings and networking practices.

Fourthly, this research highlights pragmatic legitimacy derived from the technical environment and the social environment – organizations' social networks and relations. This differs from scholarly discussions about organizations' social networks and relations where resource is the main concern and other studies about the institutional environment where legitimacy is the topic. Organizations cope with criteria of both technical and institutional environment (Scott & Meyer, 1983; Teece & Pisano, 1994). With unresolved problems in the latter, it makes little sense for organizations to rely only on legitimacy granted by institutions. Instead, the importance of the technical performances may surpass that of the institutional one because support and recognition secured through network constituencies matter more when performances in the technical environment are

better and less controversial. Furthermore, except for the technical and institutional environment, organizations also cope with the criteria of their social environment. Organizations' pragmatic legitimacy is strengthened through both technical and social environment. While Meyer and Rowan (1977) and Scott and Meyer (1983) distinguish between the institutional and the technical environment, this study adds the social environment as the third pillar of the tripartite governance structure. As organizations' technical environment varies with their diverse vision and their embedded networks are also shaped accordingly, legitimation of ends relates to their technical and social environment while legitimation of means concerns more the institutional environment.

7.4 New Institutionalism and Organizational Social Capital Theories

Integrated

Democratization and social movement arguably open the advent of civil society in Taiwan. As opposed to the public and private sectors, NPOs function as the third choice to cope with challenges and opportunities in the ageing society and thus receive their resources and legitimacy. However, their pursuits of resources and legitimacy should not be solely considered as individual NPOs' organizational behavior. Instead, it is the collective action among NPOs, the government, and other stakeholders together with

their emergence, development, and campaigns. Notably, each of these three segments is modified by the interaction effect of institutions, networks, and relations within their embedded institutional, technical, and social environment. Three modes are applied to study NfE in Taiwan: that of industry, hierarchy, and activity. Both formal and informal institutions are of concern for political economy analysis. This research is institutionalism-oriented and investigates the impacts of formal political and legal institutions brought about by dramatic sociopolitical changes on NfE's behavior in the Taiwanese society responding to its population ageing and democratization. Since both macrostructures and microstructures matter for NfE's function and these two cannot be understood solely. New Institutionalism is insufficient for our better understanding about NfE's behavior; we need other theoretical approaches. DiMaggio and Powell (1983a) believe that organizational behavior and structures are not thoroughly determined by the institutional environment, and they highlight networking in the organizational field. Their study and Han's (1994) can be considered as the convergence of Social Networks Theory and New Institutionalism. However, their analyzed unit remains the institutional environment, while actors are still ignored.

Organizational Social Capital theorists, by contrast, look at how informal social networks and relational frames regulate actors' actions that are sometimes beyond the

political-legal complex. Moreover, the way different types of social system interact in the real world is of great interest in this theoretical approach. In sum, with an integrated theoretical perspective, we can better understand actors in the embeddedness of institutional environment and social environment. Knowledge generated in this study does not only contribute to individual theoretical approaches but also generate a platform where different theories can dialogue. After we justify the examination of NfE's organizational behavior from these two analytical perspectives, we can specify theoretical implication refined from this study.

Legitimation of means and legitimation of ends

As long as an organization exists, it has legitimacy. An organization's various types of legitimacy and the way it legitimates itself differ at its diverse development stages. At the beginning, regulatory legitimacy is obtained through registration in accordance with the Civil Code and CAA; application and implementation of government projects such as CCCP grant structural or categorical legitimacy. However, when legitimation of means completes its periodic task, its importance is gradually replaced by legitimation of ends from technical and social environment where pragmatic legitimacy is granted. More specifically, exchange legitimacy, influence legitimacy, and dispositional legitimacy are all related to NfE's technical performances in their embedded social environment.

As institutional environment for NfE is not centralized¹²⁴, we would like to ask: will a decentralized structure lead to a heterogeneous organizational form? Answers to this question vary between DiMaggio and Powell (1983a) and Scott and Meyer (1991). The answer to the former is yes while the latter contend that heterogeneous organizational forms also come from centralized structure under some circumstances. Findings cover arguments of these two groups while also developing alternative perspectives. In this study, consequences of decentralized institutional environment depend because there are two ways for NfE to achieve their goals. First, according to the Civil Code and CAA they must be officially registered as NPOs. But this is just a basic criterion for their legitimacy to apply for government-funded projects since they are confronted by more challenges in their real operation. Consequently NfE develop alternatives to achieve their goals and manage to repair legitimacy through technical performances. Hence it is necessary to further specify the issue of “legitimation of ends” and “legitimation of means”.

Based on Scott’s (1991) distinction between “legitimation of means” and “legitimation of ends”, we can consider top-down legitimation in the institutional environment is the means to legitimate NfE and legitimation of ends comes from their technical

¹²⁴ Policy formulation is in the central government but follow-up funding and implementation are in local government.

performances and bottom-up reactions toward institutions endorsed by stakeholders.

NfE's efficiency in technical environment strengthens their pragmatic legitimacy mainly because of "legitimation of ends"; their registration under the Civil Code and CAA, as well as implementation of government projects are "legitimation of means".

When formal rules are not always followed by NfE, their function becomes impaired as merely symbolic. Pitfalls in the regulations and loose control of the State, as well as NfE's loose coupling and cross-subsidization, all point to the symbolic meaning of institutions. When the periodic task of registration is completed, and when the implementation of government-funded projects imposes extra administrative burdens on the NfE, they may seek resources and legitimacy elsewhere by constructing networks and relations with stakeholders. As resources are no longer only channeled through institutional settings and legitimacy can be acquired outside the limited regulatory framework, apparently the importance of technical and social performances surpasses that of the institutional one.

Institutions exist objectively. Legitimacy and resources carried by institutions are substantially relevant to NfE's operation but they mean nothing if no actions are taken to address NfE's needs. The instrumental value of institutions is verified only when

organizations purposively manage to access institutional environment as it is and satisfy corresponding requirements. From this perspective, the NfE benefit from institutions and their dependence on the State is critical to their survival. However, limited resources and questioned legitimacy due to unresolved problems within the institutional environment lead to the breaking point from where momentum is transferred from legitimation of means in institutional environment to legitimation of ends in technical and social environment. The vicissitude of legitimation of means and legitimation of ends is especially prominent when NfE realize their legitimacy granted by institutions becomes questioned and consequently NfE turn to construct their own networks from which they endeavor to obtain legitimacy and resources. The government is still the major buyer for NfE to access resources through cross-subsidization and quasi-subordination – both are loose coupling with institutional environment and are illegitimate when judged by institutional norms. Their little advocacy, consideration of political correctness, and institutional entrepreneurship are legitimized through coupling with relational norms shared by NfE and their stakeholders. Notably, stakeholders' support makes it possible for NfE to promote their innovations which are then adopted by the State. To wit, legitimacy does not always come from institutions but legitimation of ends through networks and relations provides alternative way to legitimate NfE. This is because—the judgment of social appropriateness is quite contingent as it is a collective action depending on

considerations and interpretations of actors under different circumstances. Legitimacy in contingency, the function carried by networks and relations, reflects the realistic of power in networks and relations. Without this, legitimacy would still be understood abstractly and incompletely.

Two-dimensional governing kinetics

As illustrated in Figure 7-2, there is a two-dimensional governing kinetics in the organizational field – the vertical dimension is composed of top-down from the State to NfE as well as bottom-up from NfE to their embedded institutions; social networks and relations are another governing mechanism functioning horizontally. More specifically, NfE's bottom-up reaction toward institutions is facilitated by conforming to relational norms horizontally, and such conformity relates to NfE's social environment realized by the civil society. The upward direction mainly concerns NfE's innovations in the technical environment while the downward direction concerns the institutional influences and can be linked to the welfare state at large. The highlighted in the institutional, technical, and social environment is legitimacy, efficiency, as well as reciprocity and status respectively. Efficiency and privatization are the institutional logics of contemporary welfare state under Neoliberalism; profession and scope are those of innovations; civic consciousness and grassroots community participation are those of the

civil society. NfE are at the intersection of formal institutional norms as well as informal social norms of networks and relations. The former is vertically conveyed from the government to NfE¹²⁵ while the latter is horizontally spread among NfE and their stakeholders¹²⁶. The latter makes NfE's bottom-up responses to institutions possible.

In Figure 7-2, each NfE in this study is positioned in the quadrant composed of the two-dimensional governing kinetics. Vertically, NPO A has visible achievements followed by the the government from which it also undertakes multiple assignments successfully; NPO B's innovations are becoming popular though its achievements are still behind NPO A's; NPO C is quite passive to receive the government's offer; NPO D under the leadership of CEO D0 was quite innovative though its innovation declined dramatically after CEO D1 was appointed. Horizontally, both NPOs A and B maintain their principles when networking while illustrations in NPOs C and D show the opposite – they tend to abandon their principles, neglect their primary functions, and let their stakeholders lead their direction.

Moreover, these two dimensions of norms also justify the necessity to deal with trust and identification simultaneously. Being generated from both institutional settings and

¹²⁵ E.g., NPOs must be officially registered according to the Civil Code and CAA.

¹²⁶ E.g., unwritten relational norms which can regulate actors' behavior are found in the perceived relational social capital.

organizational relations, norms help to reduce uncertainty, increase predictability, and facilitate mutual trust among actors. In return, institutional norms and relational norms are maintained if there is embedded trust weighted by identification among actors. Horizontally, a higher level of trust is usually accompanied with positive-inclined identification and thus reinforces relational norms. The premise for actors to trust and identify each other is mutual connectedness, and it is strengthened by NfE's institutional entrepreneurship¹²⁷ when vertically responding to the government. Yet, mutual connectedness is further advanced into more positive identification and higher level of trust through coupling with relational norms held by network members, and this engenders legitimation of ends in the technical and social environment. In sum, trust weighted by identification directly shapes relational norms functioning horizontally and indirectly influences institutional norms functioning vertically. With these two dimensions of norms, the composition of institutional settings as well as the construction of social networks and relations is further intertwined.

Connection among institutional settings, networking, and relations

The connection among institutional settings, networking, and relations is illustrated in Figure 7-3. This research addresses the potential problem of Sociological Institutionalism

¹²⁷ NfE's innovations institutionalized by the government.

which emphasizes the influences of social relations on actors and thus might be driven into Structural Determinism. With institutions being considered as the field and actors as the social beings, the institutional analysis of CCCP reveals that CCCP transforms NfE into agents of the elderly, State, and stakeholders. Institutions can condition actors with social networks and relations as the intermediate, and vice versa. For the former, NfE's little advocacy is desired by the State who intentionally weakens NfE's lobbying capacity¹²⁸ with stakeholders' little engagement. In the latter case, NfE's innovations prevail with stakeholders' support and thus become new institutions adopted by the State¹²⁹. It is not completely correct to only emphasize the one-way impact of institutions on actors. Instead, actors' agency is highlighted while social networks and relations are considered as both institutions and actors cannot function without social networks and relations. This study thus echoes Swedberg and Granovetter's argument (2001) that institutions and actors should be both taken into account when conducting a social analysis. Since institutions and actors can condition each other with social networks and relations as the intermediate, examining such intermediary field thus becomes important.

¹²⁸ Under the CCCP, NPOs are supposed to be localized and network with stakeholders at the grassroots level. If NPOs do not avoid interaction with their peers, it might be possible that they can collectively mobilize the elderly in their jurisdiction for advocacy reason. As a result, de-mobilization among NfE weakens their involvement in advocacy. Another convincing example is the incomplete "Active Ageing" where health and participation are emphasized. Consequently, NPOs network with stakeholders from these two areas, but such networking again brings structural inertia where NPOs are kidnapped.

¹²⁹ For example, without participation of other NPOs, it is difficult to popularize NPO A's fitness championship.

The two dimensions of norms also imply that institutions, networks, and relations are mutually embedded and constructive. Because NfE respond to institutions and are networking with stakeholders simultaneously, the mutual embeddedness and constructiveness of institutions, networking, and relations are verified through the two-dimensional governing kinetics and tripartite governance structure. Institutions, networking, and relations are not mutually exclusive and their boundaries are blurred. Functions of formal institutions can be activated through networks and relations while networking and the formation of relations are shaped by formal institutions. There is a huge mobility between them given the two-dimensional governing kinetics in NfE's operation. It is time to elaborate the mutual embeddedness and constructiveness of institutions, networking, and relations from two approaches.

The first approach is more sequential. The government builds a set of discourses and institutions to realize its agenda and policy while NfE are willing and able to locate themselves within the frames. NfE, together with their stakeholders, produce another set of discourses to criticize and reflect on institutions while their related actions are legitimized by their embedded social networks and relations. After that, institutions are interpreted and bestowed with meanings in concrete networks and relations. Meanwhile the institutional framework as a reference system is necessary for the operation of

networks and relations, whether they are going to follow, revise, or table a policy. At the end, the extent to which institutions can penetrate into, control, or influence organizations depends on networks and relations where organizations are embedded¹³⁰. Yet, the construction of networks and relations as well as the interaction of actors within given networks depend on the availability of various choices modified by institutional settings.

The second approach is more explanatory. First, structural inertia within the institutional environment where NfE are the required agents explains the unequal inter-dependence as the networking characteristics and actors' identification in exchange of stakeholders' trust in Pattern 1 of the perceived relational social capital. Second, the extent to which NfE's innovations are institutionalized and adopted by the State depends on their capacity to mobilize quasi-subordination. Complementary needs and ideal type of identification bolster trust and quasi-subordination. Third, distrust due to problems of obligations and expectations destroys NfE's efforts in political correctness; it also leads to their strengthened networking with stakeholders especially where there exists a common enemy. Fourth, distrust as a result of imperfection in norms is linked to NfE's networking rationales – some emphasize on quantity and ignore their primary function; some avoid facilitating mutual introduction among partners and if they really have to do so they try to

¹³⁰ For example, structural loop makes it more difficult for government intervention to be spread among NfE.

monopolize resources embedded in networks. These facts are also linked to unresolved problems within the institutional environment where formal norms are not completely followed.

Tripartite governance structure

Figure 7-4 illustrates the tripartite governance structure of the organizational field in this study. While the institutional environment grants regulatory legitimacy to NfE, dispositional legitimacy is mainly related to NfE's social environment. Moreover, other types of legitimacy are generated in the overlaps among the institutional, technical, and social environment. First, categorical and procedural legitimacy relate to the implementation of the CCCP that covers mainly institutional and technical environment. Second, the prevalence of NfE's innovations primarily involve technical and social environment. NfE's networking is to a great extent modified by their practiced techniques. Undoubtedly, profession and scale of innovations are accumulated technically, but without support of social environment the government may not be aware of these innovations and incorporate them into the policy domain. This is also where consequential, exchange, influence, and personal legitimacy can be identified. Thirdly, NfE's little advocacy and consideration of political correctness are the joint output of institutional and social environment, with comprehensibility and taken-for-grantedness

legitimacy being generated. NfE surrender their technical profession in advocacy in order to meet expectations of institutions and their stakeholders; NfE have their social networking with powerful figures and entities in the government who usually can manipulate institutions, whether against or for NfE.

NfE share the same field frame “Active Ageing”, and this compromised field frame is the core of the tripartite governance structure. While the welfare state under Neoliberalism shapes the institutional environment, NfE’s technical environment features in innovations and their social environment is related to the civil society which ideally highlights grassroots community participation and civic consciousness. But in fact civic consciousness is disregarded because it is not encouraged by institutions. This gives a good example to illustrate how NfE manage to find a balance when they are confronted with conflicts of institutional logics.

Registration as an NPO and the implementation of the CCCP are appropriate means to achieve NfE’s desired ends, and coupling with norms of social environment is the intermediary through which legitimation of ends in technical environment becomes available for NfE. Technical performances are not merely the means to justify NfE’s operation but instead are crucial in shaping NfE’s justification arguments to claim for

external support. NfE's "legitimation of ends" is coupling with norms of their embedded networks and is highly related to their technical performances. For NfE, regulative frameworks are either instrumentally valid or symbolically a means to an end. This seems contradictory at first glance but in reality they are consequential when both structural problems within the institutional environment and advantageous conditions within the technical and social environment are taken into consideration. Legitimation of means offered by institutions refers to instrumental characteristics of legitimacy, whereas legitimation of ends reflects cognitive and constitutive characteristics of legitimacy.

Concluding remarks

The institutional environment influences NfE's operation by manipulation of resources and provision of legitimacy. However, as resources carried by institutions are not always at their disposal and different NfE receive legitimacy in various ways through their respective social networks, it is not impossible for them to conversely shape the institutional environment. As the brokers through which stakeholders approach the elderly, NfE are agents of the government, the elderly, and stakeholders. All these facts pave the foundation for NfE's bottom-up reaction. NfE's initiated innovations adopted by the State demonstrate such reversible influence.

As the base of legitimacy, shared concepts are usually transmitted by networks which vary across different organizations. Nevertheless, it is still possible that organizations with different networks can benefit from shared social capital as “a form of collective good” (Putnam, Pharr & Dalton, 2000: 26). The lack of microscopic perspective in New Institutionalism has been criticized academically (Stinchcombe, 1997), and Organizational Social Capital theories, with its microscopic approach, should be applied to answer “how collective action is jointly achieved by cultural, social, and institutional factors” (Petersen, Roepstor, & Serritzlew, 2009: 75). In this study, coupling process in social environment functions as a glue to adhere NfE and their stakeholders whose endorsement legitimize NPOs’ bottom-up reaction. Institutions, therefore, are no more inert but “inhabited” by actors and their actions (Scully & Creed, 1997; Hallett & Ventresca, 2006a; Hallett & Ventresca, 2006b). Similar to the contention of Hallett and Ventresca (2006a) that coupling processes should be considered as “historical, contingent, and situated” (Hallett & Ventresca, 2006a: 921), the design and findings of this study also crystalize the value to integrate historical background, institutional environment, as well as social networks and relations in an organizational study.

Overall, we can conclude that structure formed by institutions is not simply to limit, condition or determine actions. Instead, it also generates possibility of actions. Autonomy

of actors, on the other hand, is not a metempirical given but is indeed acquired through structure. Actors' agency and institutions' conditioning can both facilitate possibilities for NfE. The concept of New Institutionalism offers one perspective to explain actions within a given institutional environment while the notions of Organizational Social Capital theories can help to illustrate why and how actors react to their embedded environment differently. The mutual embeddedness and constructiveness of agency and structure has its methodological implication for both the institutionalist and network analysis approaches. Since functions of institutions are realized through networks of actors and the formation of networks is to a great degree modified by institutions, an organizational study will not be comprehensive if any one of these two analysis approaches is missing.

It is hoped that by reflections on empirical findings we are able to dialogue with and enrich theories. Based on theories of New Institutionalism and Organizational Social Capital, this study aims to investigate actors within their institutional environment and with their respective organizational social capital. With an integrated theoretical viewpoint, we are able to better understand actors in the embeddedness of institutional environment, technical environment, and social environment.

7.5 Suggestions for Future Research

Bringing the elderly back in

This study is at the organizational level, instead of the individual level. How the elderly benefit from NfE is not evaluated in this study but in the future it is necessary to keep the elderly on the scene when reviewing NfE's responses to institutions and various performances as a result of their diverse social capital. First, the elderly are the reason why NfE exist and the target of NfE whose efforts to seek for legitimacy and deploy resources feature in demands of an ageing society. Second, NfE's little involvement in advocacy can be explained through the discriminating welfare schemes, the discrepancy of national identity, and diversity of the elderly's political inclination and ethnic background. Third, ageing in place rather than in nursing homes is the impetus for the welfare state to collaborate with NPOs whose local wisdom is necessary to run projects in each community where the elderly are localized. CCCP is the most influential policy because it is community-oriented. In most cases Taiwanese elderly are passive to receive what is offered but are not thoroughly empowered to decide how their later life should look. Yet it is mainly the government and NPOs who can set the agenda on behalf of the elderly. By focusing on the elderly in future studies, relevant research approaches can be further developed.

Longitudinal study

Three generations of NfE are recognized in this study but since the Taiwanese society is undergoing continuous changes, a longitudinal study is necessary. NfE may lose their constituencies and thus find it hard to hold their advantageous position when more and more people are ageing in a better health and may not want to be considered as “the elderly”. The elderly need to feel that they have contributions, but the fact that their contributions are partially measured with political and economic criteria defines with which stakeholders NfE network and how their relation is maintained. Now that less people want to participate in NfE’s activities, NfE will become more vulnerable if they still consider the elderly only in a political and economic lens. As Vogel (2009) reminds, a paradigm changes when the old one loses support of members because of its internal problems and a new one becomes promising. How social changes transform NfE in terms of quantity and quality can be answered by a longitudinal comparative study in the future.

Comparative study

International and transnational comparative perspective is of great importance to study contemporary organizations dealing with issues emerging from global population ageing. Moreover, with the fourth wave of democratization, it is also high time to study how social forces participate in the collective action to cope with transformed welfare system

of societies in transition. Cross-country analysis is of great value as it generates a unique opportunity to explore how political and social changes effect NPOs, especially in terms of similarities and differences across divergent countries. While representativeness can be summarized from the common features, it is also possible to scrutinize mechanism causing variation across different political settings, regulative frames, and social contexts.

Cross-sectional study

With NPOs as the core and their embedded institutions and stakeholders as the peripheral, this study is a pioneer study as the government's role is emphasized, partially because of the specific political and social context in Taiwan. However, influence of private sectors' involvement stays only at the inter-organizational level as private sectors with the elderly as target clients are not yet strong enough in Taiwan to possess their stand in the arena and to transform the bilateral relation between the State and NPOs to a real trilateral interaction. As things may change because of government's organizational reengineering where social welfare division is merged under the health authority, future studies may see the dynamics of three sectors. More intervention of private sectors, especially medical-related professions, is expected since they are now transferred to the same pool of health and welfare. A real cross-sectional study in the future will be possible and

necessary to address how the system with three sectors reciprocally influential is operated and governed.

The China factor

The issue of Taiwanese national identity as a whole amid the China threat and how China factor influences on NfE should be considered since China has incorporated Taiwanese NPOs into its united front strategy. Except NPO B, three other NPOs in this study report their interaction with Chinese peers. Political reunion with Taiwan through economic and socio-cultural integration is China's policy, but people on the island may worry that Taiwan will be the next "Hong Kong"¹³¹. With such patron-client relationship between China and Taiwanese NPOs, how will Taiwanese elderly identify themselves as Chinese, Taiwanese, or as both as they are quite passive to receive NPOs' offer? Furthermore, The KMT's intervention and DPP's failure in solidifying a universal national identity are both reasons for the biased field frame "Active Ageing" and current NfE's little advocacy. The World War II cohort¹³² is approaching the end of their life and baby boomers are entering their retirement age while the growing China continues to make efforts to retrieve its lost

¹³¹ On Mar 18, 2014, the "Sunflower Movement" broke out as a consequence of KMT's inclination to China. With the help of a group of elderly from the "Alliance of Referendum for Taiwan", students successfully occupied the parliament for twenty three days and eventually managed to stop the KMT regime to sign the "Cross-Strait Agreement on Trade in Services" with China. Controversies of the agreement include national security (e.g., Taiwan's openness of ICT), employment (e.g., Taiwan's openness of medical and social welfare labor forces), and freedom (e.g., Taiwan's openness of media and publishing industries).

¹³² Those born in Taiwan at that time are the so-called Japanese speaking cohort (日本語世代) while those born in China are the mainlanders.

island Taiwan. A transformable structure therefore is quite possible in Taiwan because of a mixture of history, national identity, economic power and international politics. NfE will need to face an external environment determined not only by the KMT and DPP, but also by the PRC.

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Appendix

Appendix I: Detailed information about four NfE in this study

It is generally believed that NPO A is the leading NfE as it covers many kinds of substantial services, ranging from CCCP, sports and leisure programs, homecare services, day care centers in communities, and Happy Ageing Learning Centers. It is famous for its high productivity in innovative initiatives and willingness to share its know-how. It also facilitates meetings and conferences as incubators where the authorities concerned, the academics, and actors in the industry can network and exchange ideas. Founded in 1995, it has now five regional offices along west Taiwan and has consolidated a partnership with a local civil association in the east, though it is still headquartered in central Taiwan. In 2007 it launched a flagship project to recruit seventeen old people at the average age of eighty-two for a thirteen-day “Tour de Taiwan” by motorcycle¹³³. The event had enduring impacts on NPO A as its familiarity and reputation was increased significantly afterwards which made it much easier for NPO A to promote its innovative projects such as championship in promoting the health of the elderly who are aging in place. As a foundation, it has its board of directors where the CEO leads a team composed of six divisions for administration, finance, planning, public relation, research and development, and care-related issues. An association for its volunteers is also established.

With lobbying in the political arena and supports from medical-related and therapeutic-oriented professional societies, NPO B was founded in 1999 after undergoing registration difficulty within government bureaucracy. It has no plan to increase varieties of its programs or work directly with the government, but prefers cooperation with other entities based on its specialty: dog-assisted therapeutic recreation. Though institutes with old people as clients are still NPO B’s major business partners, it has now covered other groups with special needs for its service receivers. Its idea is imported from the U.S.A. and its unique profession requires collaboration of dog owners and understanding of clients and their families, which makes it most notably catering for old people living in the cities rather than countryside. It has three offices in northern, central, and southern Taiwan to arrange the training and duties of dogs and their owners. Similar to NPO A, NPO B as a foundation has an organized internal management structure, though it is flatter since it is much smaller than NPO A.

¹³³ In 2012 a documentary was filmed.

In 2000, NPO C launched its operation as a grassroots association whose mission was the continuing education for the elderly. Gradually it expanded by incorporating other grassroots associations in the same county. Different from NPO A who manages to realize its innovative projects, normally NPO C' idealistic ideas end up with slogans, such as a Disneyland of the Elderly¹³⁴. However it is good at performing activities and cultural exchanges, and these can be used to mobilize old people and attract stakeholders interesting in the grey market. Its CEO believes that by being socially active and politically acute he can bring more resources to NPO C. The selection of its cultural exchanges and performing activities thus depends not on political calculation but on professional judgment or consideration for the elderly¹³⁵. In NPO C one can see the typical East Asian organizational life of the private sector which is based on paternalism because it is basically a family business with its core team composed of a couple and their children¹³⁶. For many years it tried to become an NPO at the national level but now its CEO accepts the difficulty to be as nationwide as NPO A and thus is willing to undertake outsourced projects from other NPOs in order to survive, after a heavy loss in the county magistrate election¹³⁷.

Founded in 2003, NPO D is selected as it is representative in four ways. First, it represents the typical civic culture in the Taiwanese rural area since it is in a village with 95% of residents sharing the same surname as they belong to the same big family emigrating from southeastern China to Taiwan in the Qing Dynasty. Second, it represents the typical associational life for old people as it maintains the form as a grassroots civic association for years but finally was officially registered mainly for financial reason. It prospered after receiving a generous funding from the national lottery foundation. Third, like many other villages, old people are the main residents while younger generations live mainly in the city. NPO D is famous for its "cultivating, eating, and learning together" campaign which became an institutionalized measure promoted by the government. Fourth, similar to CEO C, its previous CEO is socially active and tries his best to economise and promote NPO D. However because of financial issues he was replaced and current NPO D, in the name of autonomy, is now a self-sustained community-based organization and rejects any support or intervention from the state, though in reality it is

¹³⁴ This slogan was raised when DPP was in power, therefore NPO C marketed it in this way: to construct the elderly's Disneyland in Taiwan so that we can promote Taiwan worldwide because the elderly around the world are supposed to visit Taiwan once it is built.

¹³⁵ When DPP was in power, exchanges with Japan and Japanese Enga (a classical Japanese way of singing) performed by the elderly were preferred. But after 2008 when KMT came to power, exchanges with China replaced those with Japan and stories about Chinese immigration to Taiwan were highlighted.

¹³⁶ One of which is now learning hands-on management experience from his father while the other is supposed to work as the secretary of NPO C after receiving her master's degree in a graduate institute of adult education.

¹³⁷ Though excluded by the county government, it managed to establish an alliance with peers in Hong Kong and China, and launched the "Asian Pacific Forever Young Festival".

kidnapped by part of the commercial agenda of its new management team. Internal conflict together with two camps within the same community is the fourth feature which marks NPO D a good sample in this study.

Overall, NPO A keeps expanding at the national level by its innovative projects, NPO B only focuses on its animal-assisted therapy and avoids collaborating with the State directly, NPO C stays in the county level and maintains a group of loyal senior fans by actively involving in exchange programs with similar organizations in China, and NPO D also manages to secure support from the community elderly.

Appendix II: Participant Information

The Political Economy of NPOs Promoting “Active Ageing” Programs for the Elderly in Taiwan

Research Outline

Since the 1980s, Taiwan has witnessed the coming of its civil society and ageing society almost simultaneously. With more and more Taiwanese senior citizens entering their later life actively and healthily, their growing demands are considered significantly but differently by governments, private sectors, and nonprofit organizations (hereinafter abbreviated as NPOs). Since NPOs are usually of greater importance for the disadvantaged groups, NPOs with “Active Ageing” programs for the elderly, both at the grassroots and national levels, are highlighted in this study. The purpose of this research is to understand the role and function of such NPOs in an ageing society and their development strategy. Methods to be used for data collecting include semi-structured interviews, participant observation, and text analysis. Based on a comparative analysis approach, it is intended that this study could identify the rationales of such NPOs’ emergence and the ways by which they seek legitimacy and construct social capital of their own and the Taiwanese society as a whole.

EXPLANATION

1. The interview outline should be checked and consented by the interviewees before the interview. If necessary, the interview can be tailored to ensure that each participant’s idea and personal feelings are respected.
2. Each interview will take about 1 to 1.5 hours and will be recorded. In order to protect the respondents’ rights and interests and compliance with research ethics, information provided by respondents is kept confidential and any information which can be used to recognize personal identity will be kept anonymous.
3. The recorded interviews will be transcribed so that the respondents can help to check their authenticity, necessary revision will be made according to the respondents’ suggestions.
4. In addition to the interview, respondents are also invited to discuss the analyses and findings of the study with the researcher.

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研究邀請函

台灣老人非營利組織推廣活躍老化方案的政治經濟學分析

研究大綱

本研究之目的在探討老人非營利組織在台灣同時面臨其公民社會與高齡社會來臨之際，其制度環境之變革與社會資本之形塑。隨著越來越多的台灣人健康地步入晚年，其不斷增長的需求已受到政府、私部門和非營利組織之關切。由於非營利組織對於相對弱勢之群體通常更顯重要，提倡『活躍老化』之地方性與全國性的老人非營利組織是本研究所聚焦的重點。本研究的目的是要了解非營利組織在高齡社會之角色和功能，以及其發展策略。為達此研究目的，採用質性研究的取徑，研究方法包括半結構式訪談、參與觀察、文本分析。基於此，本研究預期可以歸納出老人非營利組織出現之原因，他們尋求正當性、建構社會資本之策略，以及他們如何為組織本身與台灣社會做出貢獻。

說明事項

- 一、訪談大綱於訪談前由受訪者過目並同意，若有需要可作調整，且過程中會針對訪談的整體情況及受訪者的不同作調整，以保持每位受訪者想法的完整性。
- 二、每次訪談約需一至一個半小時，訪談中需錄音，但會保護受訪者的權益並遵守研究倫理，對於受訪者提供的資訊保守秘密，若需引用受訪者提供的資料，會將所有可供辨認當事人身分的資訊予以匿名。
- 三、訪談過後會將錄音內容，經過整理並轉譯成文字，再煩請受訪者檢核，以求訪談內容的確實性及真實性，若有出入則會尊重受訪者的意見加以修正。
- 四、除了接受訪談，也需要受訪者針對研究者的分析方式及研究結果提供建議，共同進行討論和檢核，並了解復健者對本研究的建議。

牛津大學社會學研究所博士生曾健准
指導教授安傑斯敬上

Appendix III

Consent Form

I, _____, hereby agree to participate in Chien-Chun Tzeng’s research project –The Political Economy of NPOs Promoting “Active Ageing” Programs for the Elderly in Taiwan. For use of research, I will share my personal reflection and ideas about my involvement in old people’s NPO. When participating in this project, I have the following rights:

- I understand that I have the right to terminate my participation in this project without giving any reasons at any time and such decision is respected by the researcher.
- I understand that I have the right not to answer any questions which I do not want to answer.
- I understand that I have the right to ask the researcher stop recording.
- I understand that I have the right to ask the researcher offer me a more detailed explanation if I have any questions about the project.
- I understand that any personal information which could be used to identify me is absolutely kept confidential.
- I am entitled to read the transcription of my interview which is only used for academic purposes and will not be used for any other purposes or be shared with the third party.
- I am entitled to check and confirm research findings.
- I am entitled to ask for a copy of the thesis.

Signed by

participant:

Print name (block capitals).....

Date

Signed by the

researcher:

Print name (block capitals)...Chien-Chun Tzeng.....

Date

參與研究同意書

我_____同意成為「台灣老人非營利組織推廣活躍老化方案的政治經濟學分析」之合作對象，詳實提供個人的經驗與觀察，供研究之用。若我在參與過程中有任何不愉快的感受，我有權要求終止合作關係，不受任何的質疑或指責。

在參與研究之過程中，我瞭解我有以下的權利：

- (一) 對於我不方便或不願意回答之問題，我有權拒絕回答。
- (二) 在接受訪談時我可以要求停止錄音，該錄音之內容由研究者謄寫成逐字稿之後，我有權要求閱讀。
- (三) 訪談內容僅供學術研究之用，絕不挪用其他用途。
- (四) 我瞭解研究者將嚴守保密原則，對於任何可供辨認個人身分的資訊都將匿名處理。
- (五) 我有權檢核及確認研究結果。
- (六) 我有權獲得研究論文。

倘若在合作過程中，我對合作內容及個人權益有任何疑問，研究者必須為我做更詳盡的說明。

參與者：_____（簽名）

研究者：_____（簽名）

中華民國 年 月 日

Appendix IV

Semi-structured interview outline (for CEO) and research questions to be answered accordingly

What social trends have you noticed as the CEO?	A1, A2
What are your personal short-term and long-term goals as the CEO?	
What “Active Ageing” programs does your NPO run and why?	B1, B2
What difficulties do you suffer when promoting “Active Ageing” programs? And what are your strategies to solve problems?	
Please tell me five to ten the most important partners for your NPO and tell me why they are the most important.	C1, C2
Please tell me your tips to maintain a good relation with partners.	

半結構式訪談大綱與其相對應之研究問題 (CEO)

作為貴單位之CEO,您觀察到哪些社會趨勢與脈動?	A1, A2
您個人對於貴單位之長短期目標為何? (對職員:五個讓你想留下來的理由)	
貴單位提供什麼“活躍老化”之服務? 為什麼?	B1, B2
貴單位在提供“活躍老化”服務時遇到什麼困難? 怎麼解決?	
請寫下對貴單位而言最重要的五到十個事業夥伴,並告訴我為什麼是這幾個?	C1, C2
請您分享如何與事業夥伴維持好關係之祕訣。	

Appendix V: Coding examples and description

For the reason of confidentiality, each informant is given a code in the text. The code itself contains at least three elements that imply which NPOs they are linked, the section where they are working, and a non-repeating number in the same category to distinguish those who are linked to the same NPOs and work in the same section.

NPOs A-D	Actors (NPO itself or its stakeholders)	Number
A, B, C, D	C: Commercial companies who are NPOs A-D's for-profit partners G: Government agencies H: Heads in NPOs A-D M: NPOs A-D's Media partners N: NPOs A-D's NPO partners whose clients are not exclusively the elderly O: Old people's NPOs whose clients are exclusively the elderly P: Political elites who are NPOs A-D's partners (in the parliament or local councils)	If there are more than one in each category, then numbers will be used to distinguish them. For example, AG1 and AG2 are both NPO A's government partners. The numbers here denote the order of interviews. However, as some interviewees work in the same organizations, the hyphen is used to identify those in the same organization. For example, AC1-1 and AC1-2 both work in NPO A's commercial partner Company 1.
Another group is the experts and scholars who have done relevant research and have worked with any of these NPOs. Some are introduced by NPOs but some are well-known in the NPOs area (the researcher therefore knows them through literature review or from other experts and scholars), the coding does not specify such difference but is in numerical order to distinguish different experts or scholars.		

Appendix VI: Context of NPOs' development in Taiwan

Year	Civil Society (Democratization)	Ageing Society	NPOs and NPOs for the elderly in Taiwan
1945-1960s	Dictatorship of KMT		
1970s	Economic growth starts leading to democratization		
1971	ROC was expelled from the UN		
Sep 29, 1972	Japan severs diplomatic relation with the ROC		
1973	Chiang Kai-Shek's son Chiang Ching-Kuo (as prime minister) launched "Ten Major Construction Projects" for economic development		Children's Welfare Act was promulgated
Apr 5, 1975	Death of Chiang Kai-Shek		
Nov 19, 1977	ChungLi Incident (the first flight against KMT publicly since 1940s)		
May 20, 1978	Chiang Ching-Kuo becomes President of the ROC		

Dec 16, 1978	USA severs diplomatic relation with ROC		
Dec 10, 1979	Formosa Incident		
1980s	Social Movement Era with more than 20 kinds of protests held; First Wave of Social Movement (1980-1987)		
Jan 26, 1980		Senior Citizens Welfare Act was promulgated	Social Relief Act and Welfare Act for the Disabled were promulgated
Sep 28, 1986	Launch of the Democratic Progressive Party		
Jul 14, 1987	Lifting of Martial Law		
Jan 13, 1988	Death of Chiang Ching-Kuo		
Jan, 1989	Revision of the CAA		

1990s			Taiwan witnesses the blossom of NPOs with nearly 70% of its NPOs founded during this time
1991		Issue of elderly welfare subsidy was firstly proposed at end of 1991 during the election of Parliament Representatives	
Dec 19, 1992	Second legislative election	Pension issue was adopted as a campaign appeal for the first time	
Sep, 1993		Taiwan firstly becomes an ageing society with 7% of its population more than 65 years old.	
Oct, 23,		10,000 senior citizens paraded for elderly	

1993		welfare subsidy	
Nov 27, 1993	12 th magistrate election	Pension issues were the dominant issue in the campaign	
Feb, 1994			FWE founded in northern Taiwan
Mar, 1995			NPO A founded in central Taiwan
Mar, 1996	The first polled president of Taiwan is elected		
Jun 18, 1997		Senior Citizen Welfare Act revised	
Jan, 1998		Fire in a non-registered nursing home caused 11 deaths	
Jun, 1998		New standards for institutions and nursing homes promulgated by Ministry of the Interior	

Jul, 1998			National Social Welfare Congress
Jun, 1999		Nursing homes are compulsorily registered with the activation of the new standards	NPO B founded in northern Taiwan
May, 1999			
Mar, 2000	The first alteration of power in Taiwan after KMT's dictatorship for 55 years		
May 3, 2000		Senior Citizen Welfare Act revised	
Sep, 2000			NPO C founded in north-eastern Taiwan
May, 2002		Legislative Yuan established the Temporary Provision of Elderly Welfare Subsidy	
Jun 26, 2002		Senior Citizen Welfare Act revised	
Nov, 2003			NPO D founded in

			southern Taiwan
Jan 31, 2007		Senior Citizen Welfare Act revised	
Aug 8, 2007		The pension system is advanced to the national level (National Pension Act enacted)	
2008		10.4% of the population in Taiwan is more than 65 years old.	
Mar, 2008	The second alteration of power in Taiwan (back to KMT again)		
Jul 8, 2009		Senior Citizen Welfare Act revised	
2017		Taiwan is estimated to be an aged society with 14% of its population over 65 years old. Taiwan spends 24 years to shift from an	

		ageing society to an aged one.	
2025		Taiwan is estimated to be a super-aged society with 20% of its population over 65 years old. Taiwan spends 8 years to shift from an ageing society to a super-aged one.	