

PLENARY SESSION 3: INNOVATION & SOCIAL ECONOMY

Policy Systems and Measures for the Social Economy and New Start-ups in South Korea

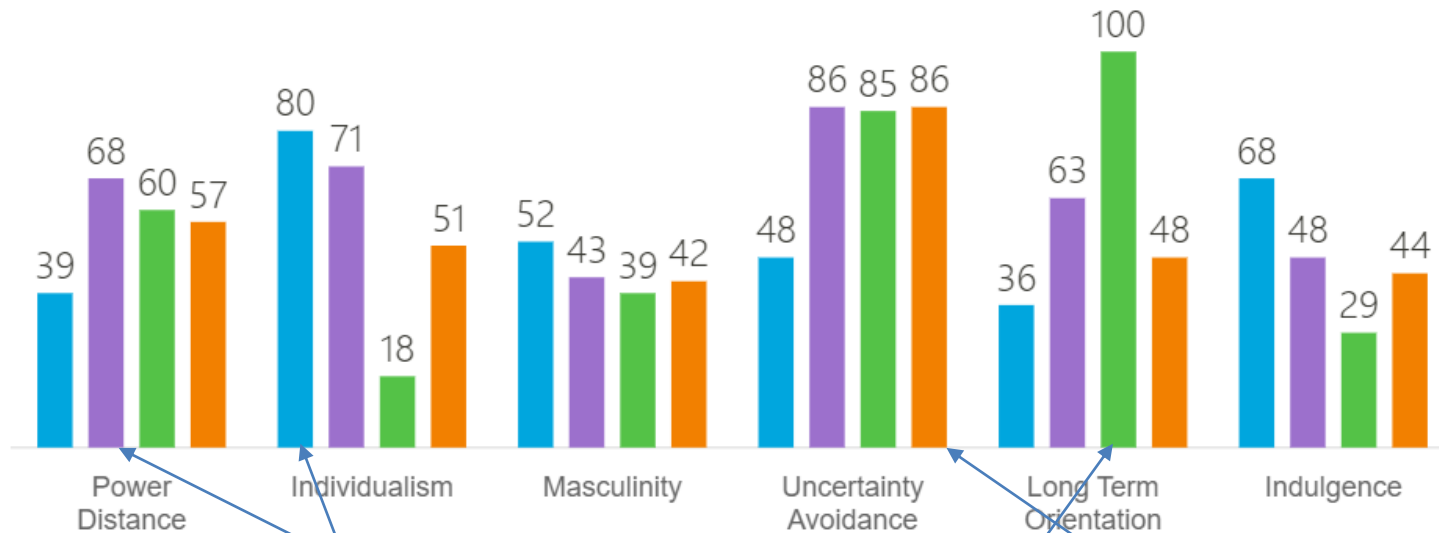
Sang-Youn LEE

Sungkonghoe University, South Korea &
CRiSES, Université du Québec à Montréal, Canada

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- Entrepreneurs are always innovative?
- Can entrepreneurs be more socially responsible?
- Can change in rules and other attendant circumstances lead to reallocate entrepreneurs' efforts?

Institutional Difference



Canada ×

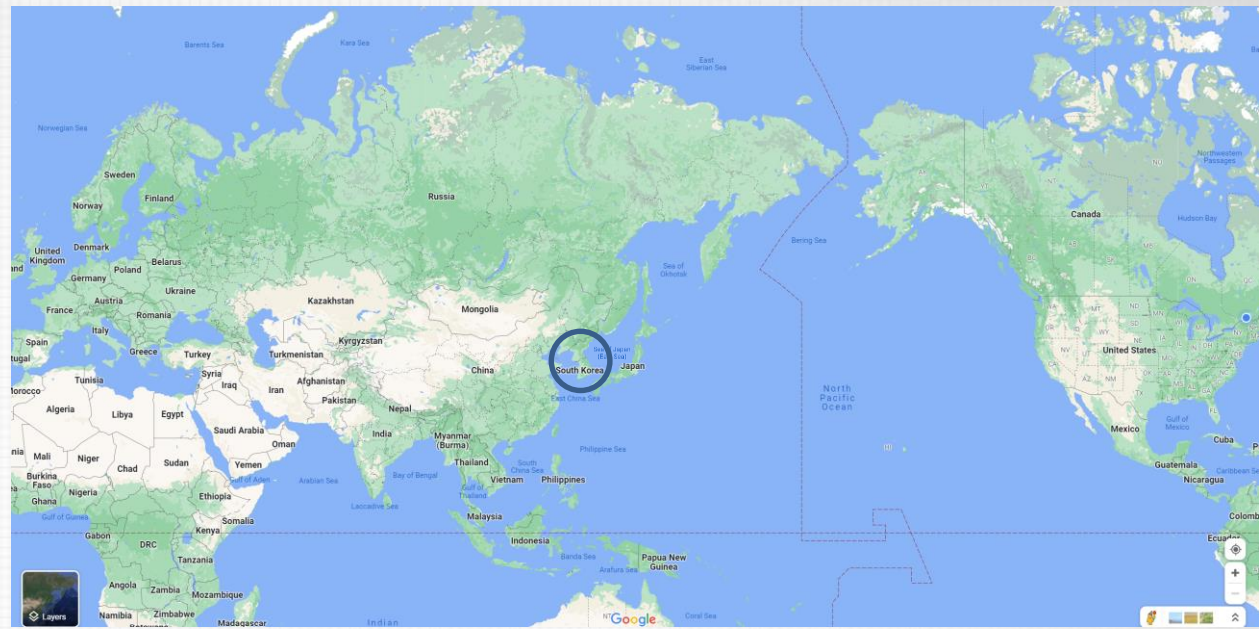
France ×

South Korea ×

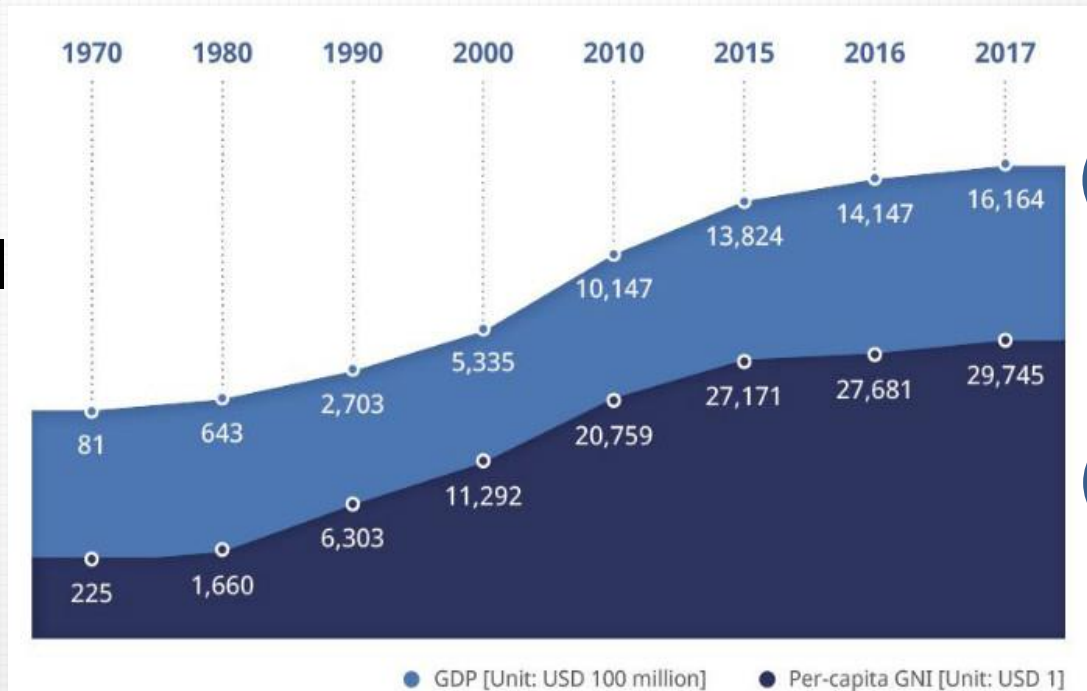
Spain ×

South Korea
50 million

North Korea
30 million



GDP
Per-capita GNI
(Bank of Korea, 2017)

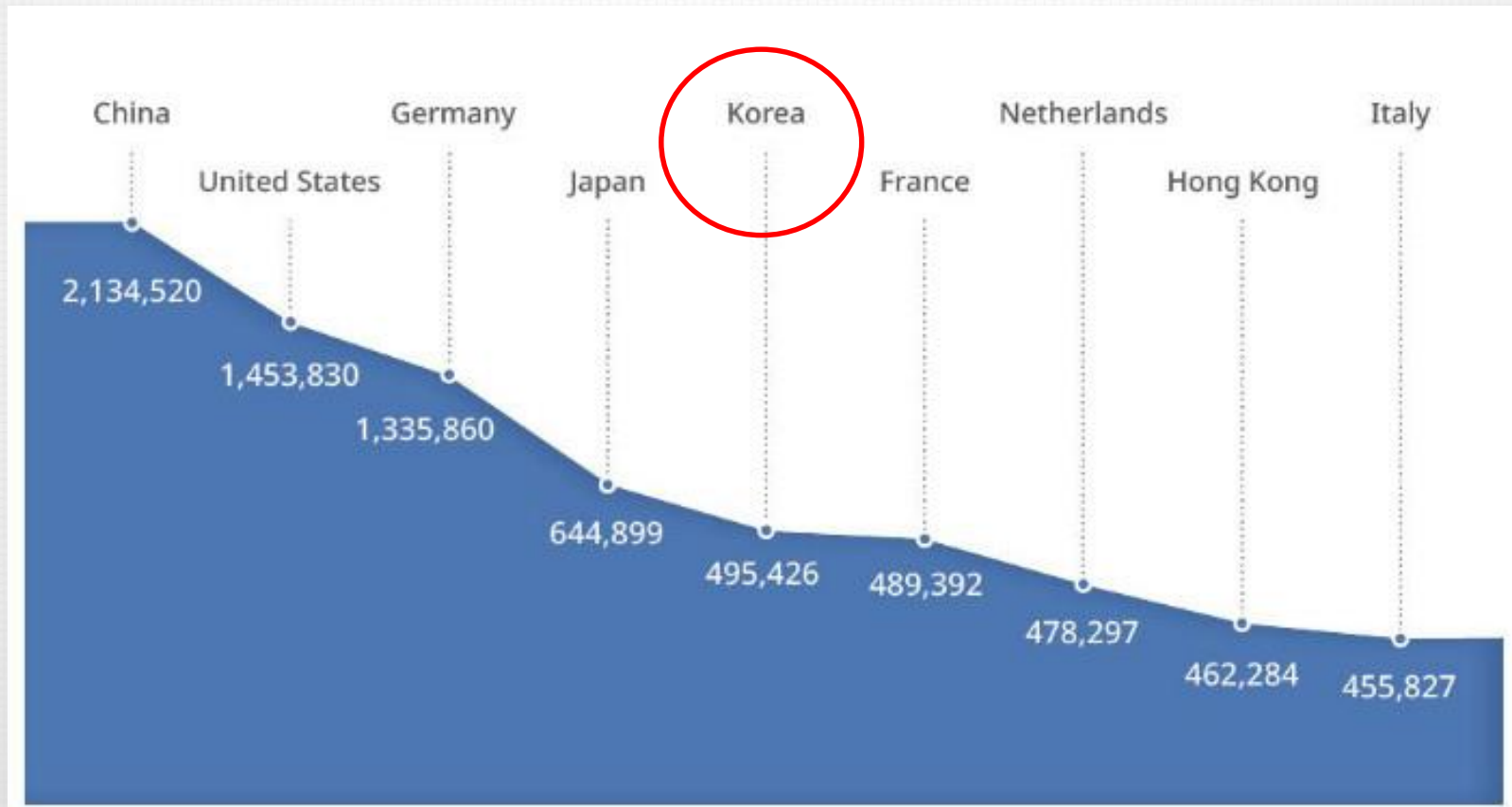


GDP

GNI

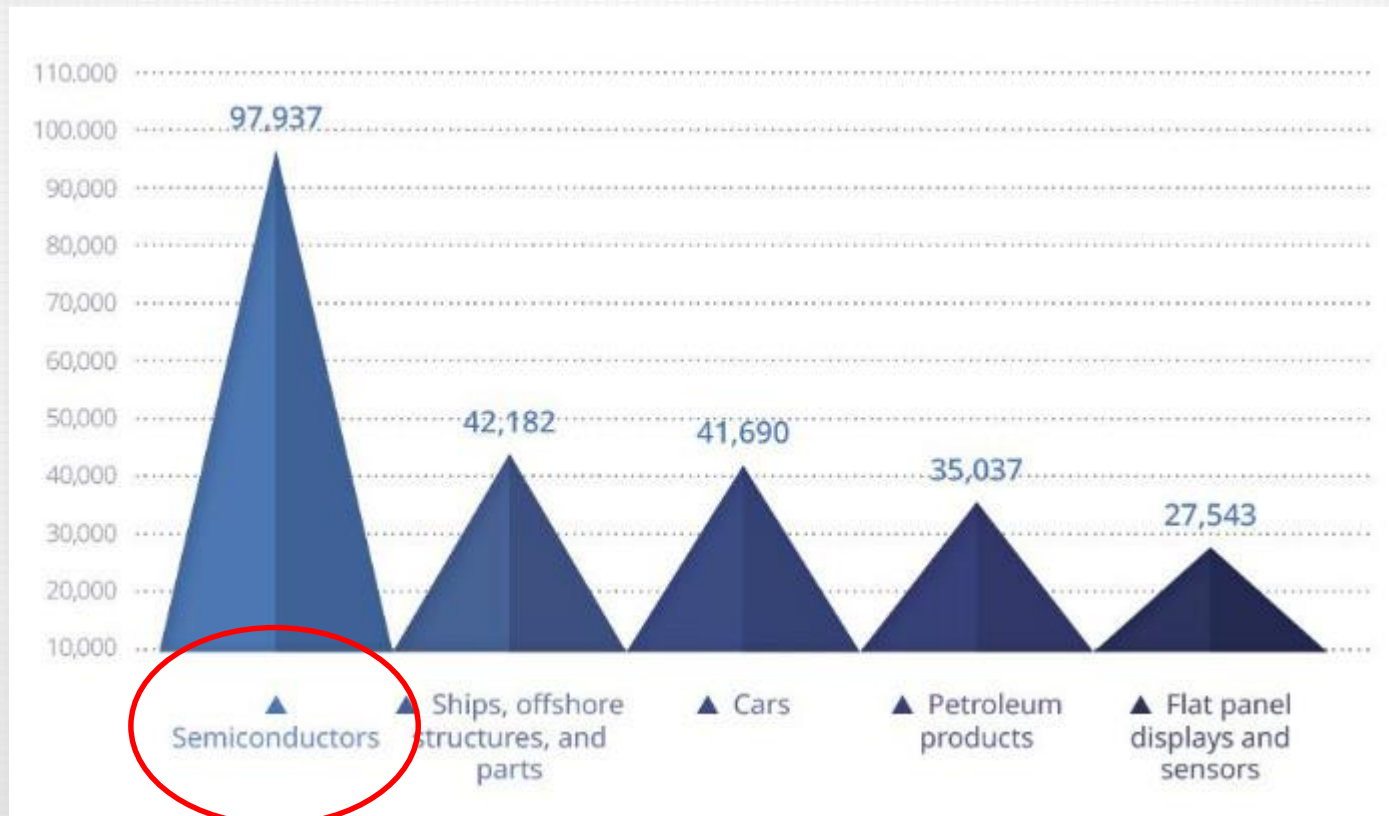
Export Driven Economy

South Korea's Foreign Trade Volume
(Export amounts)
(Unit: USD 1 million / Statistics Korea, 2016)



Industry: Toxic, Heavy, High Energy Consumption

South Korea's five leading export items and export amounts
(Unit: USD 1 million, three MTI units / KITA, 2017)



Trading Partners in 2018

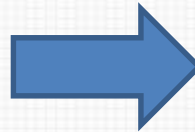


그림참고: <https://www.youtube.com/watch?v=qtFuQFx-hXs>

Unbalance & Inequality in South Korea



1997

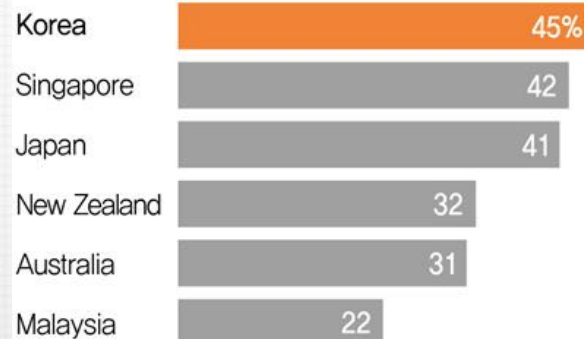


44% of
total
GDP



Percentage of total income earned by the top 10%

Data: IMF, World Bank



- Tragic death of losers
- Winner-takes-it-all plot
- Distrust
- Cruel

Policy Systems and Measures for the Social Economy

New Start-ups

COVID 19

Policy
Delivery/Growth
&
Employment

Aging Society
&
Youth
Unemployment

Income &
Asset(housing)
Polarization

Regional
Polarization

.....

Social
Inclusion

Social Value first

Democratic
Governance

Fairness of
Wealth
Distribution

Legal Frameworks for SSEs in South Korea

- Eight statutes (Agricultural Cooperative, Credit Union, Consumer Cooperative....) since 1960's
- The enactment of the National Basic Living Security Act (NBLSA) in 1999
- Social Enterprise Promotion Act (SEPA) in 2007.
- Framework Act on Cooperatives in 2012
- Government's policies to boost social economy (2017~2022)
- Framework Act on Social Economy is under review in 2022

SSEs in South Korea

Source: Interdepartmental Report of the Government of Korea. 2018

Type	Number of Entities					
	'16yr		'17yr		'18yr	
	# of Entities	Workers	# of Entities	Workers	# of Entities	Workers
Social Enterprises	1,713	39,195	1,877	41,917	2,122	42,742
General Cooperatives	10,331	27,129	12,356	31,438	14,550	41,422
Community Business Enterprises	1,377	16,101	1,442	16,101	1,514	17,438
Self-sufficiency Enterprises	1,186	10,231	1,092	11,029	1,211	10,849
Rural Cooperatives	287	7,821	299	8,293	310	8,367
Consumer Cooperatives	663	10,164	588	8,811	526	8,549
Agricultural Cooperatives	1,240	89,813	1,242	86,559	1,237	87,777
Fisheries Cooperatives	94	8,436	93	8,619	93	8,845
Forestry Cooperatives	152	2,514	152	2,524	152	2,800
Tobacco Production Cooperatives	16	128	16	127	16	128
Credit Unions	905	17,864	909	17,946	899	17,899
Community Credit Cooperatives	1,322	17,042	1,329	17,171	1,321	17,328
SME Cooperatives	929	1,892	942	2,489	943	2,494
			22,338	245,124	24,803	266,638

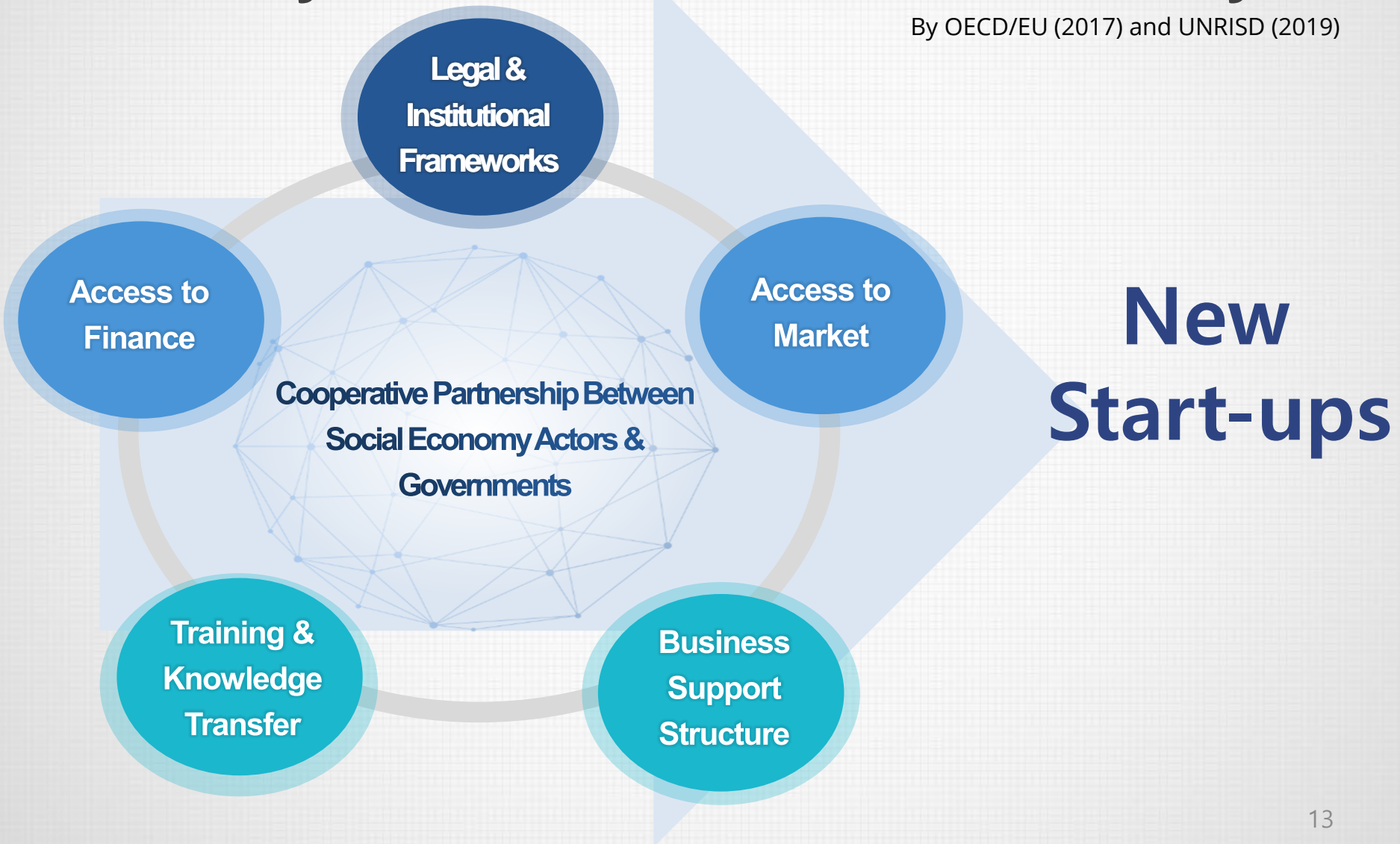
Framework Act on Social Economy **is under review**

“a business organization that pursues social values and engages in the purchase, production, distribution, and consumption of goods and services necessary to that end.”

Types: cooperatives, social enterprises, community enterprises, self-reliance enterprises, rural corporations and other such organizations.

Ecosystem for the Social Economy

By OECD/EU (2017) and UNRISD (2019)



VISION & MISSION

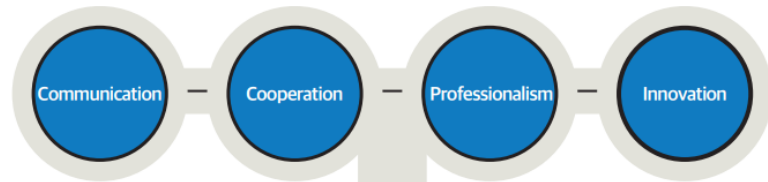
Mission

Promoting social integration and improving quality of life by fostering the social economy

Vision

A specialized agency providing a comprehensive range of support to foster social economy ecosystems

Core values



The medium-to-long term management goals

Fostering integrated platform of online marketing

Expanding the linkage between public-private resource to social economy

Improving public sympathy

Improving the level of customer satisfaction

The strategic aims and tasks

Enhancing the competitiveness of social economy enterprises

Paving the way for entrepreneurial success
—
Upgrading and customizing support for growth
—
Reinforcing follow-up support

Increasing support for local social economy ecosystems

Reinforcing solidarity and cooperation between social economy enterprises
—
Developing core social economy leaders
—
Establishing locally-based, integrated systems of support

Fostering conditions conducive to social economy growth

Enhancing policy support and services
—
Actively supporting realization of social objectives in the public and private sectors
—
Raising awareness and value of the social economy

Leading social values

Ensuring organizational fairness and transparency
—
Strengthening innovative capabilities to overcome crisis
—
Establishing organizational culture of communication and respect



(KoSEA)

A leading intermediary agency
by the central government
to support the social economy



Korea Social Enterprise
Promotion Agency

Support for startups of social economy enterprises

- | | |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 1 Invigoration of business startup | —— Social Venture Competition
Social Entrepreneurship Promotion Program
Support for the startup of cooperatives |
| 2 Support for growth of early-stage social economy enterprises | —— Social Enterprise Growth Support Center:
Social Campus On |
| 3 Training of the people of talent | —— Social Entrepreneurship Academy
Training support for the cooperatives |
| 4 Support for certification and authorization | —— Support for certification of social enterprises
Support for authorization of establishment of social cooperatives and federation |

Support for creation of a social economy ecosystem

Support for growth of social economy enterprise

- | | |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1 Marketing support for entry into public and private markets | —— Operation of e-store 36.5 and joint stores
Fostering public procurement |
| 2 Management consulting support | —— Basic & management consulting |
| 3 Support for resource matching | —— The public and private resource matching
Pro Bono and SE Pro
Social financing |
| 4 Building a network for cooperation | —— Support for building a network of social economy |

- | | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Raising awareness | —— Raising awareness of social economy
Support for voluntary public disclosure of management performance of social enterprises
International cooperation |
| 2 Support for policy research and development | —— Support for social economy policy research and development
Discovering models of social economy
Support for realization of social value |

Main Policy Targets

Social enterprise

A for-profit enterprise that considers solving social problems and engages in economic activities for the purpose of creating social values in line with the public interest.

Lovely Paper Co.

Certified as a social enterprise in 2020.

It is a social enterprise whose mission is to improve the working environment and the social awareness of the elderly who collect the waste paper. It purchases the waste paper from the elderly at a higher price than the market price. And it manufactures the artist's canvas by the waste paper and sells. The artist's canvases that had been produced get recreated as the works of art by containing the talent donations of the artists in the region. A part of the profits of the sales is supported for the better lives of the elderly.

Cooperative

A business entity in which the members voluntarily gather for the common goal, own together, and manage democratically.

The Gangwon Barns Social Cooperative Certified as a social enterprise in the year 2020.

It is a social cooperative that supports the marketing of the products that had been produced by the social economy enterprises in Gangwon-do. It operates Gangwon Barns, which is an online shopping mall, and the permanent shops (17 places). Through the education about the online shopping mall and the marketing support for the social economy enterprises, it helps the revitalization of the local social economy ecosystem.

Community business

A community based enterprise that are established and run by local residents, who mobilize local resources to sustain for-profit projects necessary to solve community problems and promote community interests through income and job creation.

The Jinaedeul Farming Association Corporation in Yeonggwang-gun, Jeonnam

The highest excellent community business selected by the Ministry of Interior and Safety in the year 2020.

It is a community business that was established in the year 2014 by 9 residents of the Juksin Town, when the sales channels of barley became blocked after the barley purchase system of the government was abolished from the year 2012. By producing, directly contracting and purchasing the barley, which is the representative crop of Yeonggwang and by developing and selling the products, it has been contributing to the stable farmhouse income of the region.

Self-sufficiency Enterprise

An enterprise in which recipients of basic living and low-income residents are self-supporting to get out of poverty in the form of producer cooperatives or joint businesses.

Gangwon residential welfare social cooperative

Excellent self-sufficiency enterprise selected by the Ministry of Health and Welfare in the year 2020.

It is a self-sufficiency enterprise that had improved the poor residential environment of the residentially vulnerable group and that had endeavored for strengthening the residential right in our society. Not only does it provide the high-quality residential service, but it also improves the environment of the local children's center, restores for the residents who were damaged by fire, and fixes the farm village houses through talent donations.

Social Venture

An enterprise that creates the social value through an innovative business model.

Ringer

Grand Prize in the global category at the Social Venture Competition in 2020.

It is a social venture that provides the mobile medical counseling 24 hours a day to the Koreans abroad who have low access to the medical services. It provides medical counseling by employing the medical experts with career breaks. Later on, it intends to expand the user customized health contents, the opportunities for the medical counseling for those who are in the medical blind spots in Korea.

Young Social Entrepreneurship Support Programme in South Korea

**The end of
Yr 2020**

**Support
5169
teams**

**Creation of
4,789
Start-ups**

**Survival Rate
after 3years
73.1%**

**3,017
employees**

Year	2011	2012	2013	2014	2015	2016	2017	2018	Total
Target N	320	320	320	350	400	500	500	675	3,385
Supported N	312	341	340	359	409	501	511	680	3,453
Participants (N)	1,302	1,315	1,229	1,326	1,551	1,810	1,755	2,332	12,620
N of social enterprises born	213	262	268	337	379	494	494	667	3,114

Source: KoSEA

Selected teams: a start-up fund, a working space, training and mentoring to help get started, scale-up plan support

Entities of Four Main Policy Targets

Type	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
General Co-operatives	10,640	12,540	14,550	16,869	19,429
Social enterprises	1,713	1,877	2,122	2,435	2,777
Community business enterprises	1,377	1,442	1,514	1,556	1,652
Self-sufficiency enterprises	1,186	1,092	1,211	1,176	1,062
Total	14,916	16,951 (13.6%↑)	19,397 (14.4%↑)	22,036 (13.6%↑)	24,920 (13.8%↑)

Source: Interdepartmental Report of the Government of Korea. 2020

Experiment of Social Innovation is going on

Intervention initiated by social actors, to respond to an aspiration, meet a specific need, offer a solution or take advantage of an opportunity for action in order to modify social relations, transform a framework for action or propose new cultural orientation.

- Democratization of the economy by citizens, workers and consumers
- New type of Organization
- Renewal of Big Co-op.....

Source: CRISES

Changes in the rules and other attendant circumstances can modify the composition of the class of entrepreneurs and can also alter its size.



33rd CIRIEC
International Congress
Valencia, June 13th – 15th
2022

SUNGKONGHOE UNIVERSITY



UQÀM
Université du Québec
à Montréal

CRiSES
Centre de recherche sur les innovations sociales

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**9TH CIRIEC INTERNATIONAL RESEARCH CONFERENCE,
SEOUL, KOREA, JULY 4-6, 2023**

**Prof. Sang-Youn Lee
Sungkonghoe University
Seoul, Korea**

leesy@skhu.ac.kr