

# KOREA SOCIAL ECONOMY



# Introducing the Korea Social Enterprise Promotion Agency (KoSEA)

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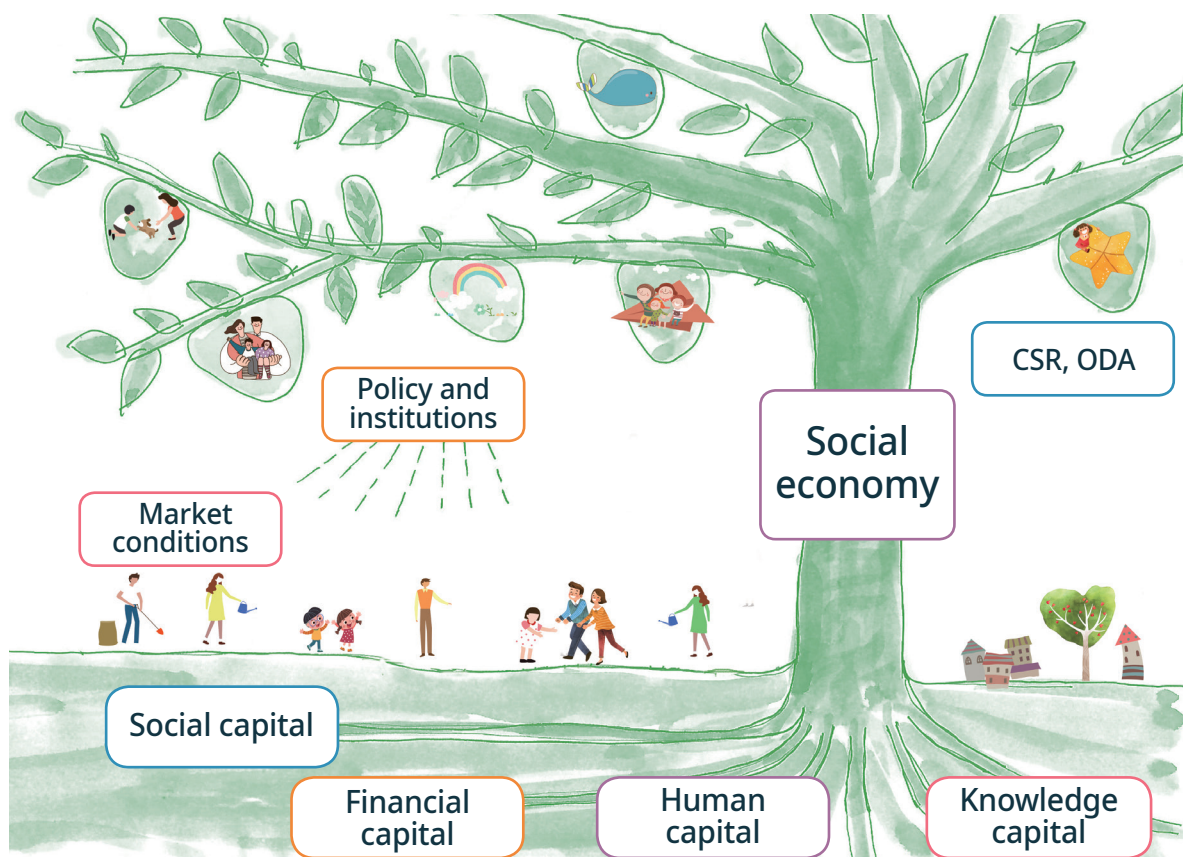
## A Trustworthy Partner to Social Economy Enterprises

KoSEA was established in December 2010 with the mission of developing flourishing ecosystems for the social economy in Republic of Korea under Article 20 of the Social Enterprise Promotion Act. Its roles and responsibilities pertain to a wide scope of activities related to promoting Social Economy Enterprises (SEEs). Pursuant to Article 116 of the Framework Act on Cooperatives and Article 32.2 of the Enforcement Decree to the same Act, KoSEA also supports the self-sufficiency and sustainability of cooperatives by providing training, marketing support, and other services necessary to strengthen their management.

## Environment surrounding the Korean social economy

※ This book is designed to provide useful information on the social economy in South Korea and the ecosystem surrounding it, involving infrastructure and other factors, for readers in and outside Korea. To that end, it draws upon the model of ecosystems for social enterprises developed by the Center for Advancement of Social Entrepreneurship (CASE) at Duke University, in the USA. Chapter 1 defines the concept and scope of the social economy, traces the history of institutional evolution supporting its growth, its current status, and its relationship to the United Nations' Sustainable Development Goals (SDGs). Chapter 2 describes the infrastructure of financial, human, knowledge, and social capital in Korea that supports the growth of the social economy. Chapter 3 describes policy and institutions, market conditions and other external factors that influence the Korean social economy.

As the CASE model was developed for American social enterprises, its application to their Korean counterparts is not straightforward. Some modification was necessary in light of the state of the social economy in Korea.



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# I. Diversity in the Korean Social Economy

#Evolution of the  
Social Economy in Korea

#The Social Economy and the SDGs

#Social Economy:  
Definition and Scope

#The Social Economy in Korea Today

#Diversity in the Korean  
Social Economy



# 1. The Korean Social Economy: Definition and Scope

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A social economy encompasses all economic activities of nongovernmental actors that strive to generate social value through the production and distribution of goods and services on the basis of cooperation and self-help among those actors (“members”). The definition has varied from society to society and from era to era, but the social economy has generally been understood as involving economic activities at the junction between the state and the market that pursue social values with member participation (Social Economy Promotion Plan, 2017).

## Diverse definitions of the social economy

**OECD** Undertaken by organizational actors that exist in the third zone between the state and the market, and that pursue both social and economic values.

**EU** Economic activities of cooperatives, mutual aid societies, nonprofit foundations, etc. with participatory management organizations that are in pursuit of social objectives.

**Quebec (Canada)** Economic activities of businesses that are managed according to the “six principles” to achieve social objectives (\*satisfying the needs of members and communities, autonomy from the state, democratic governance, pursuit of economic results, restrictions on investment–proportional dividends, and requirement to transfer residual assets to other corporations upon dissolution).

A Social Economy decides its activities according to a set of related principles, including autonomy, democracy, solidarity, and cooperation. It maintains autonomous and democratic governance through voluntary participation and equal voting rights of members. It prioritizes the sharing of profits among members, creating jobs for the disadvantaged, strengthening local communities, and other such social objectives. The social economy provides models of mutual cooperation among people alienated from both state and market and who form their own communities to achieve their shared social visions. The social economy therefore both competes with market organizations and serves as a bridge between the state and the market as the third zone.

Since 2000, diverse SEEs have been emerging and growing in Korea with a series of statutes enacted to support them. The major types include social enterprises, cooperatives, village companies, and self-sufficiency enterprises. Korean lawmakers are working toward establishing a comprehensive statute on the social economy that encompasses agricultural, fishery, consumer and other major cooperatives as well as rural and welfare enterprises.

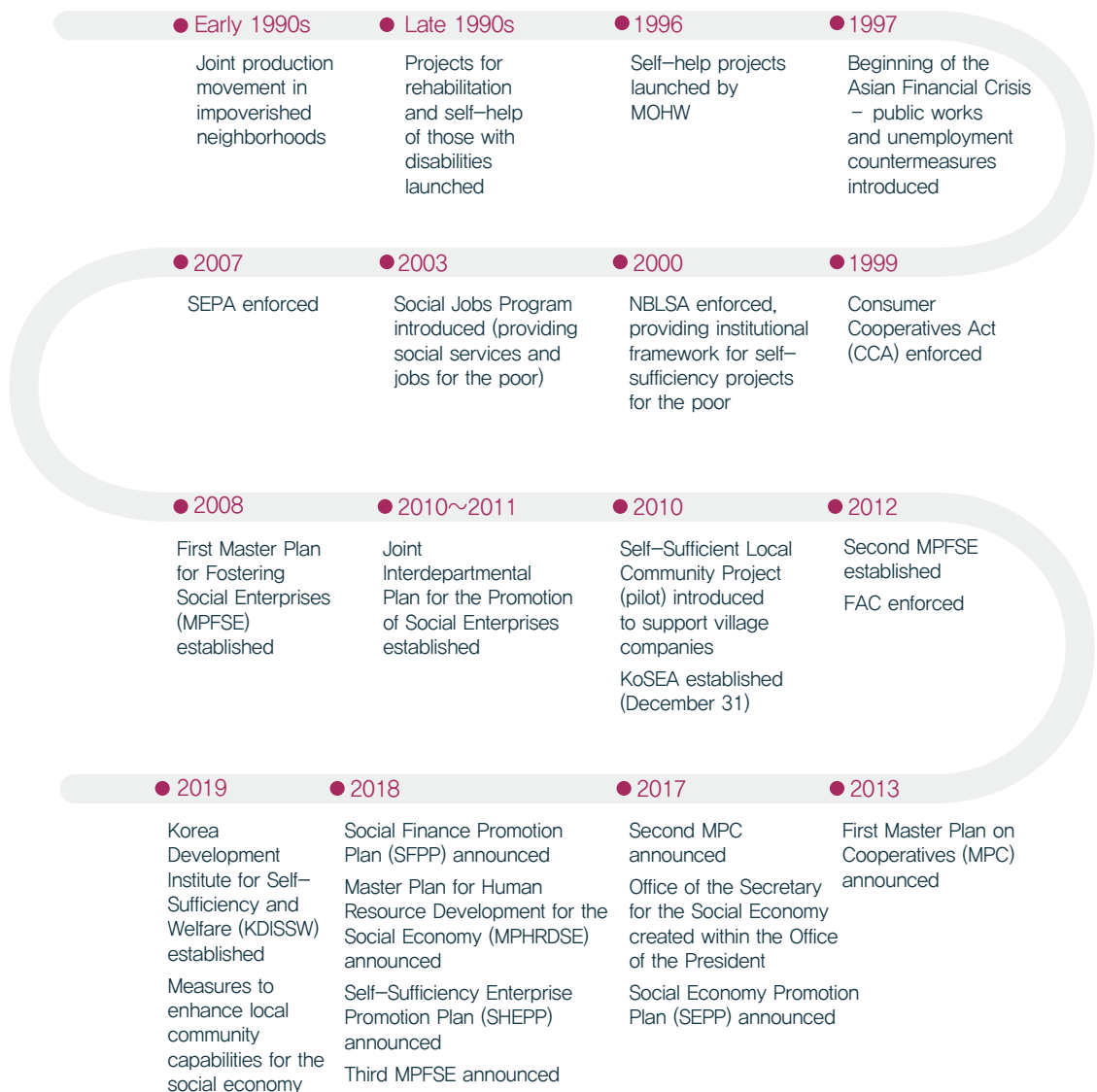
## □ The four major types of SEEs – Concepts and legislative grounds

Type	Concept	Concept	Jurisdiction
Social enterprises	An entity that pursues a social objective aimed at enhancing quality of life of community residents while conducting its business activities. Social enterprises shall also reinvest profits in the business or the local community, putting a priority on pursuing social purposes rather than on maximizing profits for shareholders or the owner of the company.	Social Enterprise Promotion Act (SEPA, 2007)	Ministry of Employment and Labor (MOEL)
Cooperatives	A business model which provides people with great opportunities to meet various social and economic needs such as employment and welfare with joint ownership and democratic management.	Framework Act on Cooperatives (FAC, 2012)	Ministry of Economy and Finance (MOEF)
Village companies	Village-based enterprises 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.	Village Company Promotion Program: Implementation Guide (2010)	Ministry of Public Administration and Safety (MOPAS)
Self-Sufficiency enterprises	Producer cooperatives or other such forms of enterprises run by one or more persons in need using the skills they have acquired by participating in self-help and public works projects at local self-sufficiency centers.	National Basic Living Security Act (NBLSA, 2012)	Ministry of Health and Welfare (MOHW)

# 2. Evolution of the Social Economy in Korea

## - An institutional perspective -

The process by which the social economy arose and took root in Korea differs from the European and North American experiences. If we trace the history of the social economy back to the time when economic organizations with social missions began to emerge, the Korean social economy perhaps dates back to 1920 when the first-ever private cooperative was established. Cooperatives that emerged after specific statutes were enacted, however, significantly differed from the traditional ones. The Korean social economy as we know today began to arise with initiatives in the nongovernmental sector in the 1990s, and has undergone the institutional evolution as described below.





# 3. The Social Economy in Korea Today

The number of Korean SEEs has multiplied greatly over the years, but their capacity for employment, at 1.4 percent of all employment in Korea, lags behind those of similar organizations across the European Union (EU). The four main types of SEEs that the Korean government and its agencies have been fostering nonetheless passed 20,000 in number and cumulatively employ more than 110,000 workers as of 2018. The policy finance that went toward supporting them totaled KRW 200 billion. While there is no official data on the overall performance of SEEs on the public procurement market, the Korean government has procured well over KRW 1.1 trillion worth of goods and services from social enterprises and social cooperatives, or 2.5 percent of its total public procurement.

## □ Korean social economy as of 2018



**19,253**

Number of SEEs  
(four main types)



**110,829**

Number of workers hired  
by SEEs (four main types)



KRW 45.6 billion in loans  
KRW 122 billion  
in loan guarantees  
KRW 25.9 billion  
in investment

**KRW 193.7 billion**

Policy finance provided  
in total



**KRW 1.1727 billion**

Public procurement from  
social enterprises and  
social cooperatives

## • SEEs by region (as of end of 2018)

Region / N / Percentage	Social enterprises	Cooperatives	Village companies	Self-Sufficiency enterprises
Total <b>19,253</b> 100%	2,122	14,476	1,442	1,213
Seoul <b>4,096</b> 21.3%	389	3,463	91	153
Busan <b>993</b> 5.2%	102	730	75	86
Daegu <b>810</b> 4.2%	68	615	78	49
Incheon <b>647</b> 3.4%	126	418	56	47
Gwangju <b>976</b> 5.1%	109	755	56	56
Daejeon <b>720</b> 3.7%	63	582	50	25
Ulsan <b>390</b> 2.0%	77	261	34	18
Sejong <b>135</b> 0.7%	10	96	19	10
Gyeonggi <b>3,306</b> 17.2%	355	2,603	170	178
Gangwon <b>1,107</b> 5.7%	119	798	111	79

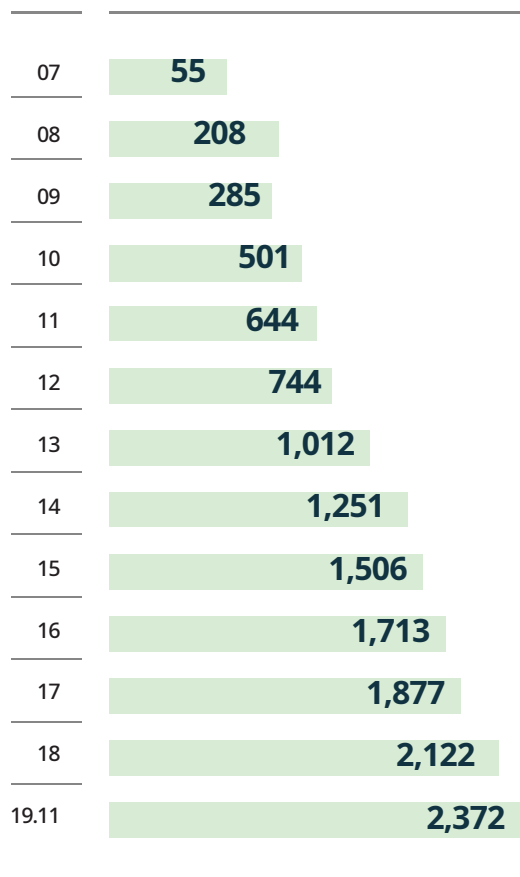
Region / N / Percentage	Social enterprises	Cooperatives	Village companies	Self-Sufficiency enterprises
Chungbuk	688 3.6%	93	457	81 57
Chungnam	851 4.4%	94	583	120 54
Jeonbuk	1,265 6.6%	127	929	102 107
Jeonnam	1,054 5.5%	112	717	140 85
Gyeongbuk	1,011 5.3%	133	657	115 106
Gyeongnam	861 4.5%	97	568	113 83
Jeju	343 1.8%	48	244	31 20

\*Source: Measures to enhance local community capabilities for the social economy, Government of the Republic of Korea (ROK) (2019).

## □ Social enterprises



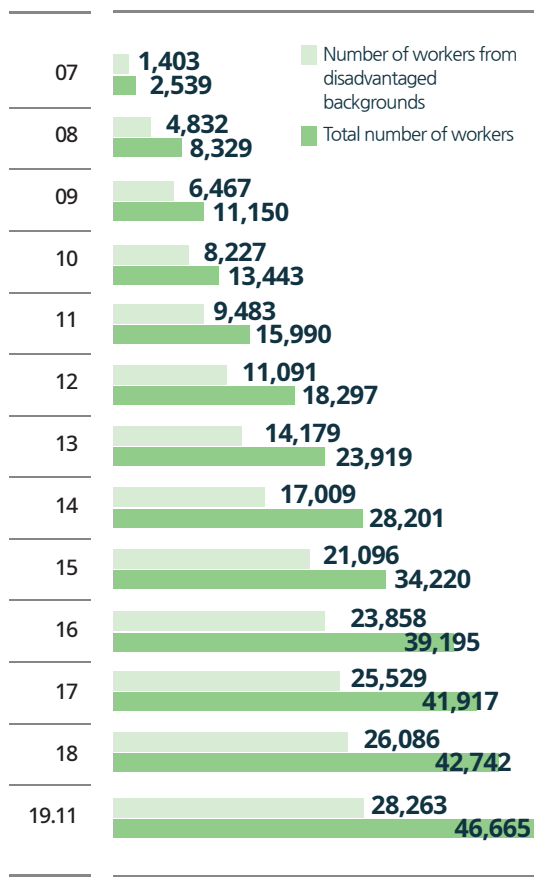
### Number of certified social enterprises



\*Source: MOEL (November 8, 2019).



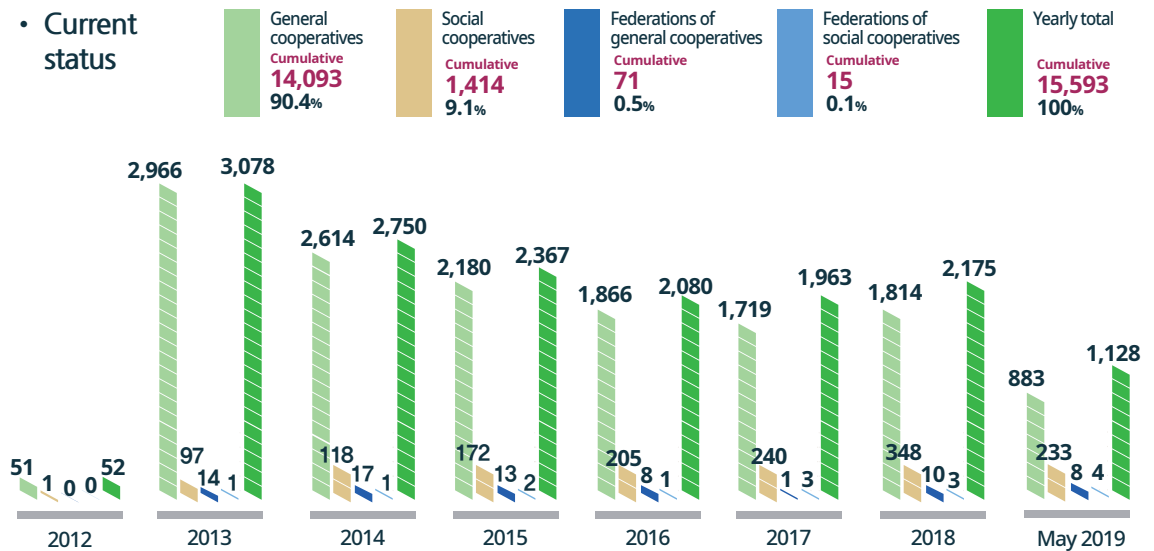
### Number of workers hired by certified social enterprises



\*Source: MOEL (November 8, 2019).

## Cooperatives

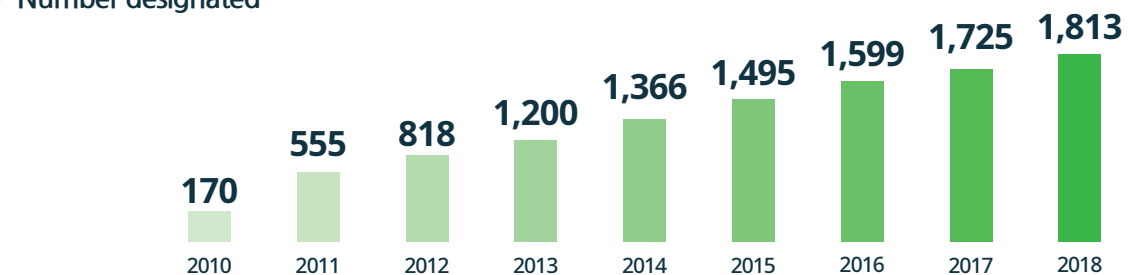
### Current status



\*Source: The 2nd Social Economy Fair Policy PR Center (2019).

## Village companies

### Number designated

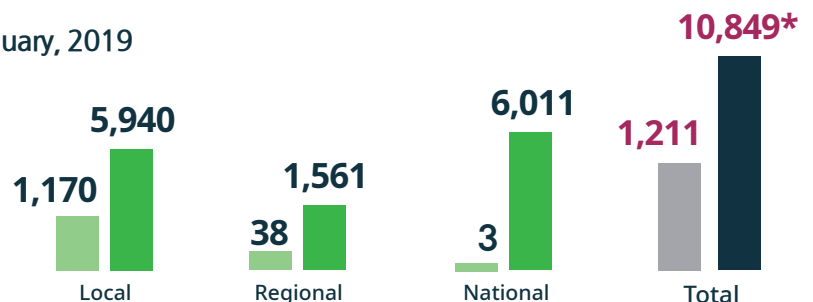


\*Source: Village company Promotion Program: Implementation Guide, MOPAS (2019).

## Self-Sufficiency enterprises

### Current Status as of January, 2019

Number of enterprises  
Number of participants



\*Excludes the overlap from 2,663 participants being affiliated with two or more types of self-sufficiency enterprises.

\*Source : KDISSW.

# 4. The Social Economy and the SDGs

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## Value and anticipated effects

SEEs tend to have greater employment-inducing effects than other businesses, with the employment inducement coefficients per KRW 1 billion of output amounting to 12.9 workers across all industries and 38.2 workers for cooperatives. Because their members share the profits, SEEs are able to create decent jobs. The democratic structures of governance ensure fairness in labor relations and transactions with other businesses, while ensuring better prospects for survival. (The survival rates are 91.8 percent for certified social enterprises beyond three years since certification, 87 percent for village companies after government subsidies end, and 99.2 percent for social cooperatives three years or more into their operation after registration, as opposed to only 38.2 percent for general businesses.) SEEs, furthermore, help housewives, retirees and other persons capable of work enter the labor market to earn income and generate added value into the economy.

SEEs can also play a significant part toward reducing income inequality, strengthening the social security net, and rebuilding communities. They provide jobs for persons from disadvantaged backgrounds and provide opportunity to earn income. SEEs provide health, artistic and other services that have been neglected by both the state and the market, while also facilitating timely responses to the growing demand for new services. By organizing direct participation of local residents and members, SEEs also help communities restore trust between their members.

## Relationship to the SDGs

The United Nations (UN) announced 17 Sustainable Development Goals (SDGs) as central features of its 2030 Agenda for Sustainable Development. These goals, to be achieved through concerted international effort, are thereby better capable of countering global structural problems, such as inequality, unemployment and population aging.

### ※ 17 SDGs:

(1) No poverty; (2) Zero hunger; (3) Good health and wellbeing; (4) Quality education; (5) Gender equality; (6) Clean water and sanitation; (7) Affordable and clean energy; (8) Decent work and economic growth; (9) Industry, innovation and infrastructure; (10) Reduced inequalities; (11) Sustainable cities and communities; (12) Responsible consumption and production; (13) Climate action; (14) Life below water; (15) Life on land; (16) Peace, justice and strong institutions; (17) Partnerships for the goals.

The social economy's ideals and functions overlap almost all the SDGs. Unsurprisingly, the social economy has been generating increasing buzz worldwide as holding the keys to realizing off of them. The International Labour Organization (ILO), for one, stressed the role of the social economy in realizing decent work and the SDGs in its Centenary

Declaration for the Future of Work (June 2019). The UN Task Force for the Social Solidarity Economy (UNTFSE) also launched the Social Solidarity Economy Knowledge Hub for realization of the SDGs. In the 2019 Congress, the International Co-operative Alliance (ICA) also emphasized cooperatives as core actors of the joint actions required to meet the SDGs.

## Overlap between the social economy and the SDGs

Social economy	SDGs
Fair labor practices, rights to economic resources and social services, democratic governance	1,5, 10, and 16
Organizing producers, urban agriculture, fair trade, alternative food networks	2
Health, elderly care, child care, disability care, education and training	3 and 4
Women’s participation and empowerment	7, 8, 9, and 10
Social, energy and financial infrastructure and jobs	7, 8, 9 and 10
Urban regeneration and participatory governance	6 and 11
Sustainable agriculture and natural resource management	14 and 15
Recycling	7, 12 and 13
Formalization of the informal and intersection with the market economy	8, 10, 11, 16 and 17

\*Source: Yi, I. Linking the social solidarity economy to the 17 SDGs, UN Research Institute for Social Development (2017).

## Korean SEEs and their contribution to the SDGs

### ▣ JUMP – SDGs 4, 10



JUMP was established in 2011 with a mission of enlarging learning opportunities and reducing the educational gap for youth. It matches mentors and mentees, helping teenage mentees grow into university students and productive adults capable of serving as mentors to others. Over the last several years, JUMP has been organizing H-JUMP School, a corps of university student volunteers, to provide customized learning experiences for 2,225 teenagers and mentor 592 university students. Its activities have helped to reduce the private education expenses approximately by KRW 11 billion and the cost of career counseling for university students roughly by KRW 1.7 billion. Partner local child centers and welfare organizations nationwide were also able to save around KRW 1.8 billion on the cost of hiring instructors thanks to JUMP.

## □ Test Works Inc. – SDGs 8



Test Works, founded in 2015, uses software to create new jobs for people who are disadvantaged when seeking to enter the workforce, including housewives returning to work and persons with developmental disabilities. (The turnover rate among its disabled workers were zero percent in last 2 years) Text Works successfully developed jobs and skills for the developmentally challenged while also seeing its annual revenue increase from KRW 300 million in 2016 to KRW 800 million in 2018. The company received an investment of KRW 1 billion from D3 Jubilee Partners, an impact investment firm specializing in information technology, in 2019.

## □ Anseong Medical Welfare Cooperative – SDGs 3



Since 1994, the Anseong Medical Welfare Cooperative has been fostering trust between doctors and patients, providing health and medical services for the underprivileged, and promoting local community capabilities for self-governance. At present, 15 medical practitioners participate in the cooperative, providing their services via six clinics, one agency providing at-home care services for the recuperating, and two medical examination centers.



# II. Infrastructure for the Korean Social Economy

#Financial Capital

#Social Capital

#Infrastructure for the  
Korean Social Economy

#Human Capital

#Knowledge Capital



# 1. Financial Capital

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Financial capital for the social economy involves not only the financial forms of support available for SEEs in the narrow sense, such as investments, loans and guarantees, but also government subsidies, donations, and even social impact investment. Social finance in Korea mostly consists of public and governmental fiscal resources, much of which go toward helping small and medium-sized enterprises (SMEs) and other inclusive finance initiatives. The private sector, however, has also been pooling increasing amounts of resources for social finance.

## □ Public and governmental resources

### Subsidies and grants

These are amounts of money that the national and/or local governments and their agencies distribute to public and private organizations and individuals to achieve policy goals. SEEs that meet eligibility criteria may benefit from subsidies and grants, including those for labor costs, business development of social enterprises, and operational expenses of village companies.

### Loans

The Korea Inclusive Finance Agency (KINFA) uses dormant savings to provide loans for SEEs' rent deposits, facilities and operations. The agency rates candidates according to the Social Value Index (see p. 40), and lowers interest rates by 0.5 percentage points for SEEs with high ratings.

The Ministry of SMEs and Startups (MSS) provides affordable, long-term loans (1.82 percent to 2.42 percent per annum) for SEEs that qualify as SMEs in terms of revenue and other criteria specifically tailored to different stages of their lifespans, from startup to growth and maturity.

### Credit guarantees

The Korea Credit Guarantee Fund (KODIT) provides credits for social enterprises, cooperatives, village companies and self-sufficiency enterprises. For social enterprises, the Fund provides long-term credits of up to KRW 300 million for five years or longer. It does so under the Korean government's policy on offering credits for businesses that provide services and jobs for the disadvantaged. Local credit guarantee foundations, too, provide similar products for the four main types of SEEs. The Korean Federation of Credit Guarantee Foundations

(KOREG) audits and evaluates each local foundation on its performance periodically to ensure sound management. (up to KRW 400 million in full credits per company are usually available)

### Investment

Social investment funds support the economic activities of organizations that strive to achieve social objectives based on cooperation and self-help among members. Leading names include the Korea Social Fund, created with KRW 7.5 billion invested by the Korea Exchange, the Korea Securities Depository, and the Korea Securities Finance Corporation; and the KB Social Investment Fund, created with KRW 75 billion invested by KB Nonprofit Foundation and KB Asset Management. The Fund of Funds for Social Enterprises, which the Korean government launched with the aim of fostering an investment market for social enterprises, raised KRW 29 billion in total from 2011 to 2018. It mainly invests in certified and preliminary social enterprises and other businesses approved by the review committee. Up to 40 percent of the total fund is to be invested in general SMEs capable of making a social difference.

The Social Venture Investment Impact Fund is to raise up to KRW 100 billion, and to be managed by venture capital companies. The operating companies are to submit rubrics for evaluating the social performance of the businesses in which they invest. As it will take a long while to collect returns on investment, the fund has been given a particularly long deadline, with the Fund of Funds handling losses first and private investors given a call option so that more of them may participate.

### Social Impact Bonds (SIBs)

These hold the potential for generating innovative solutions to social problems while allowing the government to overcome financial shortages and

## Comparison of social investment funds

	Social Investment Fund	Fund of Funds	Impact Fund
Targets	SEEs, etc.	SEEs, etc.	Social startups
Amount to be raised	Up to KRW 100 billion in years (under review)	KRW 10.8 billion as of 2018	KRW 100 billion in total (KRW 80 billion from Fund of Funds and KRW 20 billion from private sources)
Duration	Up to 10 years	Up to 30 years	Up to 10 years
Remark	Invests and provides loans	Invests in equity, convertible bonds, etc.	Invests in equity

enabling corporations to fulfill their corporate social responsibility (CSR). The government compensates private businesses that have invested in public projects and generated returns on principal and interest on the investments they have made. Local legislatures in Seoul, Gyeonggi, Gwangju, Jeju and Suwon have enacted ordinances to that end. The Seoul Metropolitan Government (SMG), for example, uses these bonds to provide learning assistance for struggling children and jobs for young adults. Gyeonggi uses the bonds to provide, under the NBLSA, jobs for people on welfare.

### Crowdfunding

Crowdfunding allows the general public to participate in raising financial resources for SEEs. KoSEA supports three types of crowdfunding projects in partnership with investment platform companies, i.e., sponsorships, investment and loans. Participating businesses are given free business advice, subsidies amounting to 50 percent of service charges (upon the successful completion of funding campaigns) and recognition in the form of awards from the Minister of Employment and Labor. Depending on the campaigns' performance, they may even win chances to attract additional investment.

## □ Social finance

### Cooperatives and local finance

The National Credit Union Federation of Korea (CU) has announced plans to raise KRW 50 billion by 2022 to provide loans to and invest in SEEs. Local governments, Saemaeul Geumgo and Korean Federation of Credit Cooperatives are also pooling their resources together to enhance the Saemaeul Geumgo's role in providing local and social finance for SEEs.

The Korea Social Innovation Fund has set out to raise a mutual aid fund based on the available social capital to provide unsecured and unguaranteed loans for socially innovative enterprises. The local funds for growth of the social economy are to be

managed in partnership with SEEs, while SEEs are also to be given financial and profitability assessments, advice on financing plans and other matters of finance, and financial education. The Mutual Aid Fund for Social Enterprises provides financial support towards enhancing the sustainability and self-sufficiency of (preliminary) social enterprises and their workers. Social enterprises, whether certified or awaiting certification, are to contribute certain amounts of money to the fund so that member enterprises can take out loans in times of need.

### Korea Social Value and Solidarity Foundation (SVS)

SVS was established as a nonprofit foundation in January 2019 to administer the wholesale fund that has been raised from public and private sources. Its main concerns include providing patient capital, supporting social projects with SIBs, fostering intermediaries of social finance and establishing the infrastructure for the social investment market.

## □ Private sources of impact investment

There are a growing number of companies that started out as social startups on a mission to solve social problems, and are now specializing in impact investment and accelerating. Crevisse Partners, for example, invests in and provides loans for various enterprises and projects that serve to increase the sustainability of cities and communities, measures for climate change and clean energy, quality education and inclusive welfare, decent jobs and economic growth.

Sopong, which came into being as a partnership of 46 enterprises in 2008, organizes two investment campaigns annually to recruit and help social startups capable of providing innovative and professional solutions to social problems. The company also provides follow-up investment and networking opportunities to strengthen the sustainability of invested companies.

# 2. Human Capital

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If the social economy is to expand and grow sustainably, development of a workforce designed specifically for it is critical. Korea boasts a far-ranging and systematic structure for ensuring the continued development of such human capital, ensuring that talented people of all generations, whether young or retired, can continue to enter the social economy and grow in professional skills.

## ▣ Developing young human resources

### Entrepreneurial support

The Korean government provides an entrepreneurial support system that offers a wide range of services tailored to each stage of enterprise growth. This system includes developing young adults into social entrepreneurs, attracting innovative ideas through social venture contests and matching them with investment, and helping winners realize their ideas.

#### Social Entrepreneurship Promotion Program

Recruits an increasing number of entrepreneurial teams with innovative ideas each year, and provides a comprehensive range of support throughout their enterprising process, from capital and space to advice.

#### Youth Cooperative's Entrepreneurial Support Program

Encourages young people to form social cooperatives and act on their diverse and innovative business models. Educates participants on the basics of cooperatives and drafting business plans, and matches them with experienced cooperatives to help them organize and execute business projects.

### Career support

The Korean government is keen on enabling young people seeking to pursue careers that are more socially and personally fulfilling than financial rewards alone can offer, to find careers at SEEs. Efforts are made to help young people enter the social economy as a way to lessen unemployment in this demographic and revitalize local communities. In some regions, local governments provide wage subsidies and intensive training for local innovation for young jobseekers who find careers in local SEEs so as to allow them to lead the innovation of those organizations.

#### Local government employment support programs for young people

The MOPAS supports local government initiatives to provide employment support for young people, which will benefit over 70,000 young adults between 2018 and 2021. Participants can receive up to KRW 24 million per year each for the first two years. Afterward, they are given additional help to find work or start businesses in the given region.

## □ Developing middle-aged and senior human resources

### Entrepreneurial support

Entrepreneurial support programs tailored to seniors are available and intended to help retirees with expertise to apply their skills to running SEEs. There are also programs that provide different types of entrepreneurial support for seniors with general, intermediate, and advanced levels of skill, including those who have had careers in research and engineering.

#### Senior Social Entrepreneurship Contest

The Life Insurance Social Contribution Committee (LISCC) and Hanhwa Life Insurance have teamed up with the Joyful Union to organize this contest. Four entrepreneurs aged 45 or older, whether already running businesses or entrepreneurs-to-be, are chosen and given expert consultation and up to KRW 50 million each in financial support.

#### Program for Cooperative Initiatives Former Scientists and Engineers

The Science, Engineering and Technology Cooperative (SETCOOP) encourages former scientists and engineers to organize cooperatives by helping them with marketing, development of their ideas, startup and management.

### Career training and matching services

There are also programs providing education and training for the skilled middle-aged and seniors as well as labor cost subsidies for hiring them in the social economy.

#### SEE Training Program for the Middle-Aged and Retirees

Korea Polytechnics provide social economy education and training courses for the middle-aged and retirees. The 31 Midlife Career Hope Centers nationwide also match seniors wishing to work in the social economy with intermediary support agencies to give them necessary training and job matching support.

### Activity support

Retirees contribute to the social economy by serving as consultants and mentors for SEEs through the Retired Seniors Program and the like.

#### Retired Seniors Program

Recruits retirees aged 50 or older who have skills and experience they can share to work as consultants, mentors, and interns at SEEs and intermediary support agencies. Relevant fields of expertise/career opportunities include management strategies, marketing and PR, quality assurance, labor relations, finance and accounting, and IT.

## □ Developing leaders of the social economy

### Specialized courses at universities

Institutions of higher education have been chosen to lead the development of the social economy and the required leaders. Some of these institutions provide special degree programs in partnership with the CSR initiatives of corporations such as SK.

## 1. Undergraduate programs

Schools and programs	Social economy major, Gyeongnam National University of Science and Technology
	Department of Asset Management and Entrepreneurship (formerly Department of Social Enterprises and Entrepreneurship), Daegu University
	Department of Social Enterprises, Chungwoon University
	Department of Cooperative Finance, Hanbat University
	Departments of Health and Social Economy and Health, Welfare and Social Enterprises, Hansei University
	Social economy and management major, Hanshin University
	Social Innovation and Convergence Program, Hanyang University

## 2. Postgraduate programs

Schools and programs	Master's PhD	
Department of Social Economy, Daegu Catholic University Graduate School of Social Economy Management	Yes	No
Department of Social Enterprises, Mokpo National University Graduate School of Management and Administration	Yes	No
Department of Social Enterprises, Pusan National University General Graduate School	Yes	No
Department of Cooperative Management, Sungkonghoe University General Graduate School	Yes	Yes
Cooperative MBA Course with specialty in neighborhood communities, Sungkonghoe University Graduate School of Social Economy	Yes	No
Social enterprise major, Soongsil University Graduate School of Social Welfare	Yes	No
Department of Social Enterprises, Woosuk University Graduate School of Management, Administration and Culture	Yes	No
Department of Social Economy and Management, Woosuk University General graduate School	No	Yes
Department of Social Economy, Wonkwang University Graduate School of Administration	Yes	No
Social Economy and Cooperation Course, Ewha University General Graduate School	Yes	Yes
MBA for Social Entrepreneurship, KAIST Graduate School of Management	Yes	No
Department of Social Economy, Hannam University Graduate School of Society, Culture, Administration and Welfare	Yes	No
Department of Social Economy, Hansei University Graduate School of Health and Convergence	Yes	Yes
Social innovation major, Hanshin University Graduate School of Social Innovation Management	Yes	No
Department of Global Social Economy, Hanyang University Graduate School of International Studies	Yes	Yes

\*Source: Eroun.net

## Other programs for developing leaders for the social economy

Numerous nonprofit and other organizations provide education and training toward development of leadership in prospective fields of the social economy.

## Beautiful Fellowship

The Beautiful Store appoints Beautiful Fellows towards finding leaders in social innovation and helping disseminate their initiatives across society. Each fellow is paid KRW 1.5 million in monthly stipend over three years, and given mentors as well as opportunities for networking and training in Korea and abroad.

## Enhancing the capabilities and professionalism of social economy workers

### Customized education and training

Mid-level managers are given customized training programs intended to enhance their competencies and skills. Other workers are also given various forms of training support, including subsidies for internal training at workplaces, work-study opportunities and capability assessments.

### Professional support

Social enterprises, certified or pre-certification, can benefit from local government programs for subsidizing the costs of hiring professionals for business purposes, such as experts on planning, human resources and labor relations, marketing and public relations, training, accounting and finance, and legal affairs.



# 3. Knowledge Capital

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Knowledge capital, consisting of knowhow, information, knowledge and skills, etc., is critical to efficiency and productivity of the social economy. Knowledge capital is generated and accumulated internally as businesses operate. Businesses can also benefit from external knowledge capital in the forms of mentoring, consultation, and research.

## □ Sharing knowledge capital

### Peer-to-peer mentoring

The most effective way in which SEEs can overcome the challenges they face is found in the support of and advice from those who have already experienced similar things. A growing number of existing SEEs now volunteer to share their knowhow and expertise with newcomers.

Happy Narae, a social enterprise, provides field-focused and practical training, including day-long training on YouTube marketing, for social entrepreneurs and working-level officers.

### Pro bono work

Professionals with expertise in management, accounting, law and so forth provide their services pro bono to struggling SEEs with limited human and financial resources. A wide and growing range of pro bono services are available, including those for management strategies, marketing and PR, quality assurance, labor relations, accounting and finance, IT, financing, trade investment, legal affairs, and research and development.

## □ Expert consulting and advice

There are policy programs that subsidize the cost of enlisting the services of professional consulting firms to enhance the productivity, competitiveness and sustainability of social enterprises. Consultations are provided for eligible enterprises at three stages of growth, i.e., beginning, growth and self-sufficiency.

## □ Dissemination of research and knowledge

### Social economy research

The three main academic societies dedicated to the social economy in Korea – the Academy of Social Enterprise, the Korean Society for Cooperative Studies, and the Korean Association of Nonprofit Organization Research – together organize the annual Social Economy Conference to promote multidisciplinary studies and cooperation necessary for the growth of the social economy. Diverse other nongovernmental research institutions, including the Korea Cooperative Research Center and the iCoop Cooperative Research Center, also undertake diverse research projects to establish and advance theories on the social economy.

# 4. Social Capital

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Social capital refers to the solidarity and infrastructure of networking, trust and reciprocity upon which SEEs, entrepreneurs, and related organizations and communities can draw to find the resources they need and generate additional value. SEEs in Korea network with one another actively and organize projects of solidarity and cooperation to tackle a variety of common problems that cannot be solved by any individual organization alone. Agencies supporting SEEs also foster networks of solidarity and cooperation as part of their efforts to enhance the professionalism of their services and strengthen the social economy ecosystem.

## ▣ Networks of SEEs

### Korea Social Economy Network (KSENET)

[www.ksenet.org](http://www.ksenet.org)

This is a leading organization founded and run by actual SEEs, who work with one another to protect the autonomy and independence of the Korean social economy through solidarity. The current KSENET came into being in November 2012 as a result of the merger between two organizations, the Social Economy Solidarity Council and the Council for the Enactment of the FAC, both of which were established to raise public awareness and support for legislation of the SEPA and the FAC. The organization provides networking opportunities and solidarity for social economy movements, organizes joint education and training opportunities for capability enhancement, shares and gathers information, conducts statistical and policy research, and advocates SEE interests.

### Korea Central Council of Social Enterprises

(KCCSE) [www.ikose.or.kr](http://www.ikose.or.kr)

The Council was founded in 2008 towards raising support for social enterprises from policymakers, businesses and civil society and promoting social integration through the social enterprise. The membership includes 1,000 or so certified and preliminary social enterprises, experts and related organizations active nationwide. The organization

is run entirely on membership fees – without government subsidies. Its activities include academic and policy research, professional consulting, training for workforce development, support for ethical management, public relations and publication, networking and solidarity support, distributional assistance, a mutual aid fund, and projects on discovering and disseminating models of social enterprises, etc.

### National Association of Cooperatives (NAC)

This national organization of cooperatives, officially recognized under the FAC, came into being in April 2019. It encompasses nine regional and three industry-wide associations. As a policy partner, the NAC's main roles include representing member cooperatives, proposing policy measures to help them overcome diverse legal and institutional obstacles they face, and gathering and intermediating the information and resources helpful to the cooperatives scattered across the government and the country. In addition, the NAC also supports capability enhancement of individual associations, promotes solidarity between the FAC–subject cooperatives and other cooperatives, strengthens cooperation between regional and industry-wide associations, organizes networking with SEEs, and lobbies for reform of applicable laws, ordinances and institutions.

## Korea Cooperative Council (KCC)

Established in 2009, the KCC coordinates discussion and cooperation among leading cooperative organizations, including the CU, the National Federation of Agricultural Cooperatives, the National Federation of Fishery Cooperatives, the Korean Federation of Credit Cooperatives, the National Federation of Forestry Cooperatives, and iCoop. The Council promotes the growth of Korean cooperatives and their values, strengthens solidarity between the member organizations, organizes joint measures on policy support for cooperatives, and co-organizes international events, including the ICA congresses.

## National Association of Village Companies

The association was established in 2012 with the objectives of paving the way for the growth, solidarity and cooperation of village companies and supporting the rebuilding of local communities and local social integration. It has nearly 1,400 village companies across Korea as members, affiliated with 17 regional chapters. It also advertises and distributes the products of member companies nationwide.

## Korean Association of Self-Sufficiency Enterprises (KASHE)

Founded in 2018 with a mission of promoting networking, strengthening organizational capabilities, and advocating the interests of self-sufficiency enterprises. It consists of 12 regional and four industry-wide associations, and has 350 or so member enterprises. It promotes mutual exchange and cooperation and capability enhancement of member enterprises, as well as pushing for policy and institutional reforms.

## □ Networks of intermediary support agencies

### National Council of Intermediary Support Organizations for Social Enterprises and Cooperatives

This is a national organization of the regional intermediary agencies of the Korean government that provide support for social enterprises and cooperatives. The main objectives include strengthening policy partnership with the government; fostering local ecosystems for the growth of local social economies; and establishing systems of local and national exchange and cooperation among the member agencies toward fostering inter-sector partnerships.

### Korean Network for the Social Economy (KNSE) <http://knsec.or.kr>

The KNSE was launched in December 2011 as a joint endeavor of three leading NGOs in Korea: the YMCA, YWCA, and the Citizens' Coalition for Economic Justice. It promotes networking and solidarity among governmental actors, NGOs, religious establishments, economic organizations and charity foundations as well as SEEs to promote healthy ecosystems, policy reform, and public awareness toward fostering the social economy.

### Impact Alliance <http://impactallies.org>

This first-ever network promoting ecosystems for social impact in Korea came into being in September 2019. With the mission of fostering sustainable ecosystems for social impact, the social startups and support agencies active in Seongdong-gu, Seoul, got together to launch the initiative, which now has 96 participating organizations as members. Its main tasks include gathering data on member organization activities and performance, maintaining channels of policy partnership with the government, organizing conferences to generate public discussion on ecosystems for the social economy, and running an e-commerce mall for alliance workers and partners.

# III. Factors of the Social Economy

#Market Environment

#Factors of the Social Economy

#Policy and Institutions

#Other Factors

# 1. Policy and Institutions

Active policy efforts by the Korean government played a decisive role in emergence of the social economy in Korea. The national legislature enacted a series of statutes, while the central government continued to improve the policy delivery system and update development strategies. Local governments, too, introduced ordinances, support centers, and the Council of Local Governments for the Social Solidarity Economy, helping to speed up the significant outward growth of the social economy in Korea.

## □ Central government

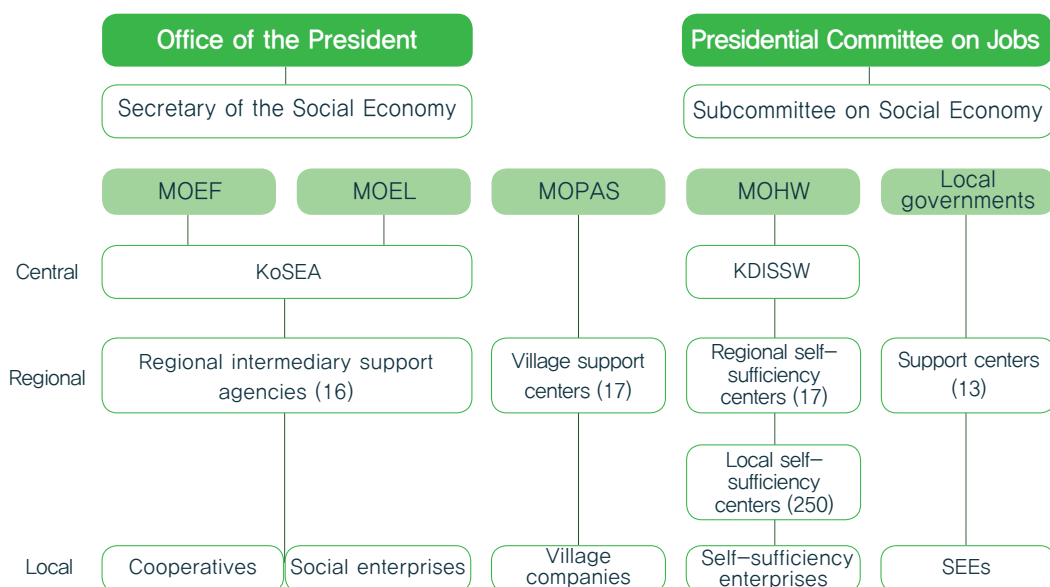
### Legislative efforts

Korean social economy policy today rests upon a systematic structure of several statutes that put different departments of the central government in charge of support for different types of SEEs. These include the SEPA (2007, MOEL), the FAC (2012, MOEF), the NBLSA (2012, MOHW), and

the Implementation Guide for the Village Company Promotion Program (2010, MOPAS).

There are also numerous bills for the three “basic” laws of the social economy, i.e., the Framework Act on the Social Economy, the Special Act on Promotion and Marketing of SEEs’ Products, and the Framework Act on the Realization of Social Values, pending before the National Assembly today.

### 정책 전달 체계

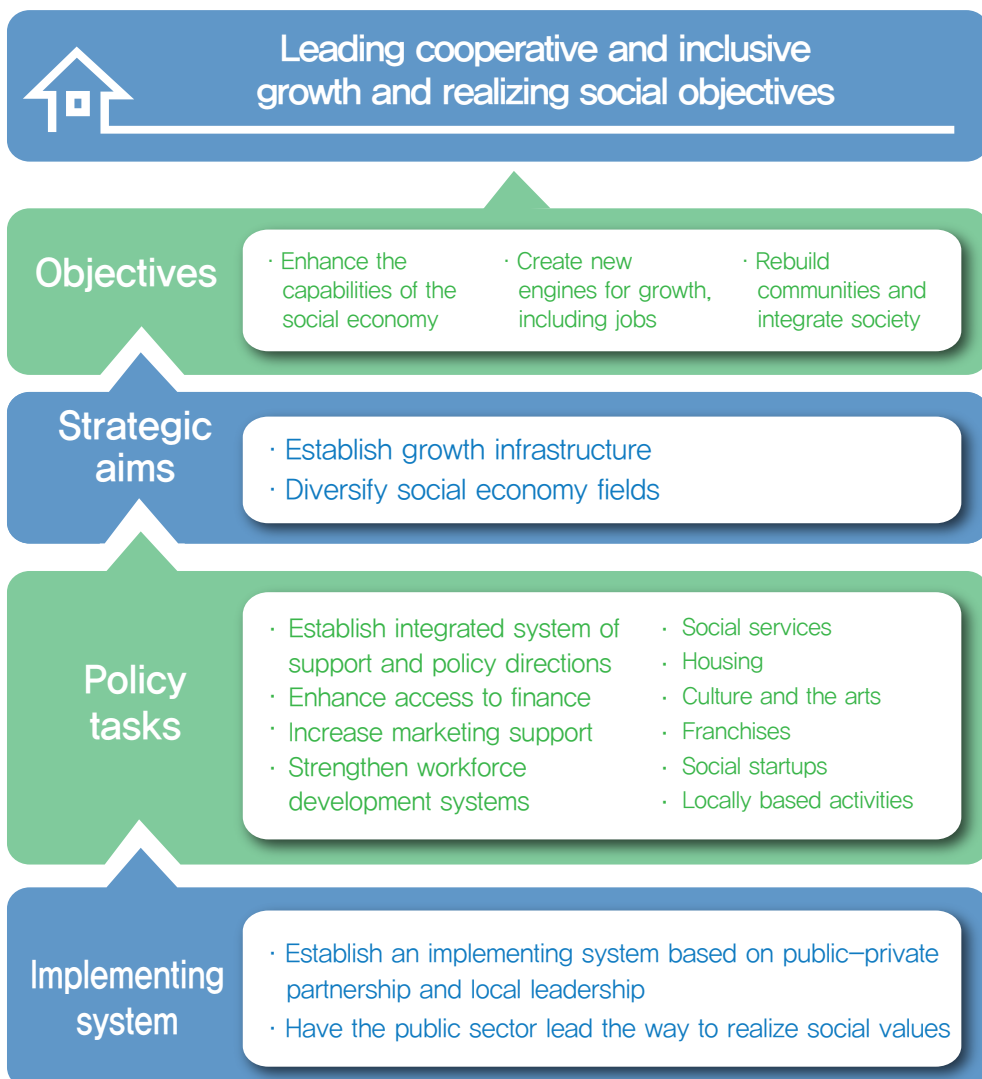


## Policy strategy to energize the social economy

The Korean government introduced a two-track strategy for developing the social economy into an impetus for inclusive growth in the nation, by achieving a paradigm shift and establishing ecosystems of a virtuous cycle for the social economy. The two main pillars of the strategy are (1) developing infrastructure for growth of the social economy, and (2) diversifying fields of the social economy, particularly into areas with significant impact on Korean society. The strategy envisions reducing central government control and enhancing, instead, involvement of the private sector and local governments. It also seeks to loosen the criteria for social enterprise certification and shift to a registration system, and lower other entry barriers so as to expand the scope of potential beneficiaries

of policy support. Whereas individual departments controlled diverse programs on their own in the past, the MOEF is now to serve as the central command, coordinating interdepartmental cooperation. The Korean government has supported this strategy by announcing and implementing a series of follow-up measures, including the interdepartmental Social Economy Promotion Plan (SEPP, October 2017), and the Plans for Developing Social Finance (Financial Services Commission or FSC, February 2018), Human Resource Development (MOEL, July 2018), and Measures to Enhance Local Community Capabilities for the Social Economy (MOPAS, 2019). The Korean government expects that legislation of the three basic statutes and establishment of the five-year master plan will ensure long-term growth of the social economy.

## Korean government strategy and tactics for fostering the social economy





## Major policy programs for the social economy in Korea

Department	Program Objectives
Ministry of Employment and Labor (MOEL)	Creating jobs at social enterprises; subsidizing business development expenses; fostering (young) social entrepreneurs; developing social enterprise growth support centers; providing a centralized platform for marketing SEE products; prioritizing SEE products for public procurement; managing the Fund of Funds.
Ministry of SMEs and Statups (MSS)	Fostering collaboration among small businesses; fostering SME cooperatives; fostering social startups; managing the Social Impact Fund; providing policy finance for SEEs; providing finance exclusively for small SEEs; providing special-case loan guarantees for SEEs.
Ministry of Culture, Sports and Tourism (MCST)	Fostering social economy in culture and the arts; running Saturday Culture Schools; subsidizing construction of small theaters; subsidizing construction and operation of small museums; running reading and culture programs at small libraries; fostering sports clubs; fostering tourism cooperatives.
Ministry of Trade, Industry and Energy (MOTIE)	Fostering community businesses (R&D and non-R&D); developing Social Economy Innovation Towns; enhancing design specialty social enterprise's design innovation capability; supporting global expansion of SEEs.
Ministry of Health and Welfare (MOHW)	Fostering self-sufficiency enterprises; fostering social enterprises providing social services; fostering self-sufficiency associations of persons with developmental disabilities; managing projects for providing integrated care services for local clients.
Ministry of Education (MOE)	Fostering school cooperatives; supporting humanities and social science research centers; developing entrepreneurial education programs at universities; fostering local lifelong education.
Ministry of Land, Infrastructure and Transport (MOLIT)	Supporting urban renewal projects; fostering communities as part of urban renewal (community management cooperatives); providing social housing.
Ministry of Agriculture, Food and Rural Affairs (MAFRA)	Fostering social agriculture; managing the New Energy Plus Program for rural communities; supporting educational, cultural and other activities (festivals and student exchange programs included) for rural residents.
Korea Forest Service (KFS)	Recruiting and fostering forestry-specialized social enterprises; managing Forestry Employment Advancement Center; fostering communities cultivating new varieties of forest resources.
Ministry of Public Administration and Security (MOPAS)	Fostering village companies; fostering local initiatives for creating jobs for young adults.
Financial Services Commission (FSC)	Providing loan guarantees via KCGF; establishing SEE evaluation systems.
Ministry of Economy and Finance (MOEF), etc.	Fostering cooperatives; incubating cooperatives of scientists and engineers; fostering the social economy for the environment; managing innovative technology programs; managing New Deal 300 for Fishing Villages.
Local governments	Setting up centers to promote the social economy in regions; reducing fees for SEEs using national and public assets; reducing local taxes, and increasing other financial and tax benefits.

\*Source: A Guide to Major Programs for the Social Economy, KoSEA (2019).

## Local governments

### Ordinances

Local legislatures have been passing ordinances to support the social economy in their own jurisdictions. While the specific subjects and provisions vary by government, all 17 metropolitan and provincial legislatures have introduced ordinances on developing social enterprises and the social economy. As of August 2019, there were also 30 metropolitan/provincial and 170 local (municipal) ordinances pertaining to the social economy in Korea.

### Regional and local social economy support centers

Pursuant to regional and local ordinances, the head of a municipal government (a self-governing borough or a city) can order the creation of a local social economy support center, either by commissioning a nongovernmental entity or setting up an independent corporation. There are currently 76 such centers (12 regional and 64 local) across Korea today. Regional centers handle a wide scope of activities, including policy research and

planning for the social economy and its ecosystems. Local centers undertake specific practical projects involving the recruitment of model SEEs and spreading their exemplary practices. There are also local centers that establish the local policy agendas and launch pilot projects.

### Council of Local Governments for Social Solidarity Economy

This national council was launched in March 2013 as a trans-partisan initiative of the heads of metropolitan, provincial and local governments across Korea. The Council promotes collaboration between local governments on creating jobs and regenerating local communities. It has organized a wide range of projects for the enhancement of capability and training of civil servants on the social economy, innovation and objectives; benchmarking and disseminating best-practice cases; researching legal and policy reforms; developing learning content; supporting exemplary SEEs and development of models; and international exchange and cooperation. It has also led efforts to push for legislation on the social economy. As of 2018, there were 38 regional and local governments participating.

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## 시도별 설치 현황

Region	Centers	Municipalities	Region	Centers	Municipalities
Seoul	23	25	Gwangju	4	5
Incheon	5	11	Gyeongbuk	0	23
Gyeonggi	21	31	Gyeongnam	3	18
Gangwon	2	18	Daegu	0	8
Daejeon	1	5	Busan	0	16
Chungbuk	0	11	Ulsan	1	5
Chungnam	0	15	Jeju	0	2
Jeonbuk	4	14	Sejong	0	1
Jeonnam	0	22	Total	64	229

\*Source: KoSEA.

# 2. Market Environment

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The market provides a fundamental basis for sustainable growth of the social economy. SEEs find their clients in both the public sector and the private sector with its diverse channels of distribution. Local currencies, value-conscious consumer practices, and favorable market conditions for the Korean social economy are also helping it to grow.

## □ Public procurement market

28 The Korean government prioritizes SEEs as suppliers of the goods and services it seeks to procure. It favorably assesses the performance of public organizations when they procure more goods and services from SEEs, to whom expansion of the public procurement market offers new opportunities. The Public Procurement Service (PPS) has increased preferences, in bidding and contracting, for SEEs and other businesses that hire workers from disadvantaged backgrounds. The PPS has expanded its e-commerce site for socially conscious procurement from self-sufficiency enterprises, community companies and the like. It also grants additional points, in bidding, for enterprises owned by/hiring women and persons with disabilities as well as seniors. The MOEF and the MOEL also regularly organize briefings and workshops for public organization personnel with the aim of increasing their purchase of products from social cooperatives and enterprises.

## □ Diversifying channels of distribution

### Store 36.5, major channels of distribution, and the Social Economy Expo

Store 36.5, with its nationwide network of stores, provides exclusive channels of distribution for SEE products. With increasing policy support, SEEs have also been signing contracts with major commercial channels of distribution, including infomercial channels and department stores, and receive additional marketing and branding support. The Social Economy Expo and trial groups also form important channels by which SEEs can reach consumers at large.

### Social economy trading companies

Trading companies are emerging as a new alternative for SEEs struggling to find channels of distribution. The Gyeongbuk Social Economy Trading Company and Cooperative, launched by local social enterprises with a vision of forming “a self-helping community of social enterprises,” generated KRW 11 billion in revenue last year. Daegu Muhan Trading Company, which emerged after success of the Gyeongbuk Cooperative, generated annual revenue of KRW 1.2 billion in just a year after its foundation thanks to aggressive sales strategies.

## Solidarity between consumer cooperatives and

### SEEs

Consumer cooperatives, most of which have been established to bring healthy and eco-friendly food and other products to consumers, are presenting new opportunities for SEEs. iCoop, Hansalim, Dure, universities and other leading consumer cooperatives whose members number in the hundreds of thousands continue to strengthen solidarity with SEEs by helping the latter with starting out, finding channels of distribution, and developing products.

## ❑ Growing favorable market conditions

### Local currencies

The first local currency was introduced in Korea shortly after the Asian Financial Crisis began in 1997. Citizens gathered together to mint and circulate local currencies on a small scale to rebuild their struggling communities. These currencies encourage consumers to spend locally, and help channel the proceeds toward community projects for finance and welfare, thereby establishing a virtuous cycle of strengthening local economies.

### Value consumerism

Value consumerism is on a rise with more and more people avoiding purchases of products that harm human rights, animals and the environment. Value consumerism has boosted the demand for products from businesses that practice ethical management. Celebrities are also helping SEEs by endorsing value consumerism. One of the BTS members, for example, recently generated some buzz by wearing a backpack made with recycled leather at a social enterprise named MoreThan.

# 3. Other Factors

Corporate social responsibility (CSR) campaigns and official development assistance (ODA) share similar objectives with SEEs and exert growing influence on the social economy. CSR and ODA campaigns work with SEEs to generate significant synergy for the social economy in Korea.

## CSR campaigns

Corporations looking for more impactful ways for their CSR campaigns and SEEs looking for financial resources to realize their innovative ideas for society increasingly find productive partners in each other. CSR partnerships of SEEs, private-sector businesses and public organizations can take on diverse forms and functions.

### Twelve types of CSR partnership

1. Direct purchases of SEE products
2. Collaboration with SEEs to provide social services
3. Providing financial resources in the form of awards and grants
4. Recruiting creative ideas and entrepreneurs through contests and helping them with expert advice, finance, etc.
5. Providing channels of distribution for SEEs
6. Providing loans or making investments
7. Enhancing SEE competitiveness and self-sufficiency
8. Developing and training social entrepreneurs
9. Creating SEEs
10. Providing a comprehensive range of support tailored to SEE needs
11. Corporate partnerships for support (pooling resources of numerous corporations to solve social problems)
12. Connecting SEEs with retired expert advisors for mentoring and consulting

## ODA

Governments worldwide increasingly seek to reduce inequality and help developing countries fight poverty by trading with SEEs. ODA is used to support the global expansion and localization of SEEs with innovative ideas for resolving inequality, unemployment and community problems.

### Three types of SEE partner for ODA

1. “Tech” businesses that apply innovative ideas and technologies to help developing countries solve problems
2. SEEs that help the poor in developing countries solve social problems and also provide them with opportunities for careers and entrepreneurship
3. SEEs that team up with NGOs through projects and consortiums to eradicate poverty and facilitate economic development

The Korea International Cooperation Agency (KOICA), which handles the Korean government’s ODA grant programs, has been helping Korean SEEs branch out abroad through the Creative Technology Solution (CTS), Inclusive Business Solution (IBS) and Social Solidarity Economy Programs. The Work Together Foundation’s Smile Together Partnership, SK Innovation’s support for the creation of SEEs abroad, and Hyundai Motor’s H-OnDream Audition supporting Asian social entrepreneurs are examples of nongovernmental support available for SEEs active in developing countries.

# Appendix 1: KoSEA and its Programs

#Overview

#Programs

#Legal basis

#Organization

#KoSEA and its Programs



# 1. Legal basis

Article 20, Social Enterprise Promotion ACT

## 2. Overview



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



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



- Communication
- Cooperation
- Professionalism
- Innovation



- Close communication with field
- Local community-centered governance
- Collaboration-based innovative working

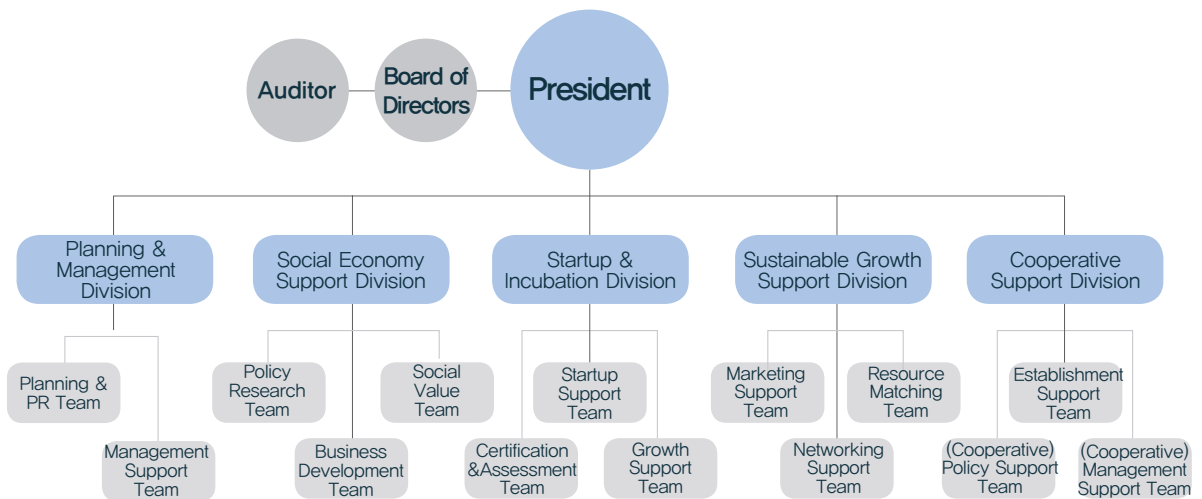


- Enhancing SEE competitiveness
- Increasing support for local social economy ecosystems
- Fostering conditions conducive to social economy growth
- Leading innovation in public organizations



- Paving the way for entrepreneurial success
- Upgrading and customizing support for growth
- Reinforcing follow-up support
- Reinforcing solidarity and cooperation between SEEs
- Developing core social economy leaders
- Establishing locally-based, integrated systems of support
- 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
- Ensuring organizational fairness and transparency
- Reinforcing organizational capabilities for comprehensive
- Establishing organizational culture of communication and respect

### 3. Organization



### 4. Programs

#### 1) Enhancing the competitiveness of SEEs

##### ▣ Incubating Social entrepreneurs

KoSEA supports social enterprise startups throughout the entire process of starting out to final realization of their social missions, by incubating and encouraging pre-social entrepreneurs who tackle social problems in creative ways.

#### Social entrepreneurship support system

- ① Idea discovery
  - Social Startup Contest
  - Contest of Entrepreneurial Ideas of Cooperatives
- ② Entrepreneurial support
  - Provides working spaces, subsidies, training and mentoring
  - Links entrepreneurs to existing infrastructure of cooperatives
- ③ Growth support
  - Provides office spaces and mentoring at Growth Support Center
- ④ (Designation) Certification support
  - Assists (designation) certification of (preliminary) social enterprises and provides guidance and consulting on it

## □ Social Enterprise Growth Support Centers

KoSEA provides working spaces, training and mentoring for early-stage social enterprises.

- New support centers are being established nationwide in light of local demand, site conditions, etc.
- Stronger support for management of existing centers so they can enable early-stage enterprises to continue to grow and enhance competitiveness (by organizing operating committees, and providing year-round consultation and training, financial resources, networking, etc.).

## □ Social startup support

KoSEA also encourages the development of social startup models that can achieve social objectives with creative business ideas.

Program	Description
Social Startup Campus Tour	<ul style="list-style-type: none"> <li>• Organizes tours with university clubs and regional support centers to advertise available local social startup support programs and encourage participation.</li> </ul>
University Social Startup Club Support Program	<ul style="list-style-type: none"> <li>• Recruits university startup clubs and provides grants for them to spend on social startups.</li> <li>• Provides mentoring from actual social startup entrepreneurs and experts.</li> </ul>
Social Venture Contest	<ul style="list-style-type: none"> <li>• A three-stage review process that recruits teams with quality ideas for social startups. Chosen teams are given capability enhancement support.</li> </ul>
Matching private resources	<ul style="list-style-type: none"> <li>• Award-winning startup teams are encouraged to continue with their activities and linked to available external resources (e.g., Woori Bank, SK Happiness Foundation, Deloitte Anjin LLC, KOICA, LG Electronics, LG Chem, Korea Expressway Corporation, etc.).</li> </ul>
Award ceremonies	<ul style="list-style-type: none"> <li>• Ceremonies are held to congratulate award-winning startup teams, advertise them, and enable them to share their achievements.</li> </ul>

## □ Social enterprise certification support

KoSEA fosters social enterprises by ensuring fair and professional review for their certification. The agency also enables each ministry to recruit preliminary social enterprises that cater to its goals, and matches chosen enterprises with available programs to ensure their sustainable growth.

- Provides consultation on certification process and outcomes.
- Ensures ongoing improvements to the certification structure in anticipation of the shift to self-registration, etc.
- Provides follow-up services for newly certified social enterprises.
- Supports each ministry's designation of preliminary social enterprises and development or update of guidelines.
- Provides follow-up support for preliminary social enterprises designated by each ministry.

## □ Training, marketing, and operating support for cooperatives

KoSEA provides systematic support for cooperatives, helping to raise public awareness of their importance and providing operating support for them in their early stages.

Program	Description
Developing and managing training courses for cooperatives	<ul style="list-style-type: none"> <li>• Customized training courses for executives and members</li> <li>• Courses for coordinators (professional cooperative supporters)</li> <li>• Standard training curriculum</li> <li>• Online training</li> <li>• Training public procurement personnel and organizing workshops</li> <li>• Reinforcing basic management capabilities for cooperatives</li> <li>• Coordinating international cooperation</li> </ul>
Public relations for cooperatives	<ul style="list-style-type: none"> <li>• Cooperatives Day events</li> <li>• Advertising the value and importance of cooperatives to stakeholders and the public</li> <li>• Running websites, including an e-commerce site, dedicated to cooperatives</li> </ul>

Program	Description
Starting and operating support	<ul style="list-style-type: none"> <li>• Support for the creation of social and general cooperatives</li> <li>• Support for the creation of young persons' cooperatives</li> <li>• Marketing support for cooperatives</li> <li>• Refining the model of cooperative assessment (Co-op Index)</li> <li>• Operating intermediary support agencies</li> <li>• Assisting management announcement of cooperatives, ensuring supervision</li> </ul>

## Marketing support for social enterprises

Program	Description
Advertising products	<ul style="list-style-type: none"> <li>• Surveying available products and services from SEEs and developing database</li> <li>• Providing guidance on available marketing support programs</li> <li>• Advertising the social economy to the general public and raising public awareness</li> </ul>
Enhancing competitiveness of products	<ul style="list-style-type: none"> <li>• Helping SEEs develop success strategies tailored to different channels of distribution</li> <li>• Providing consultation on product designs, functions, etc. to enhance prospects for success in finding channels of distribution</li> </ul>
Marketing support for entry into public and private markets	<ul style="list-style-type: none"> <li>• Support for entering channels of distribution operated by private- and public-sector actors, including KoSEA</li> <li>• Fostering public procurement of SEE goods and services</li> </ul>
Providing integrated platform of online marketing support and organizing expo	<ul style="list-style-type: none"> <li>• Operating and advertising an integrated platform of marketing support</li> <li>• Organizing social economy expo</li> <li>• Providing information on marketing support and proposing reforms to public procurement policy</li> </ul>

## Support for social finance

KoSEA compiles and summarizes information on available social finance and matches SEEs with suitable sources of financing.

Program	Description
Enhancing SEE access to finance	<ul style="list-style-type: none"> <li>• Advertising social finance</li> <li>• Monitoring and proposing policy</li> <li>• Organizing Social Investment Forum</li> <li>• Organizing review committee for Fund of Funds recipients</li> </ul>
Supporting SEE crowdfunding campaigns	<ul style="list-style-type: none"> <li>• Support for operating crowdfunding campaigns</li> <li>• Reinforcing advertising for campaigns</li> </ul>

## 2) Reinforcing support for local ecosystems

### Establishing systems for cooperation

KoSEA fosters and develops networks of cooperation by region, industry and field to help SEEs enhance self-sufficiency and foster conducive ecosystems.

Program	Description
National and local networks	<ul style="list-style-type: none"> <li>• Organizing local networks and supporting advertising campaigns targeting the general public to help local governments manage policy changes and foster local ecosystems for SEEs</li> </ul>
Supporting industry-wide networks	<ul style="list-style-type: none"> <li>• Supporting development of franchises and joint projects industry-wide to multiply the number of jobs created and volumes of services provided, while also improving service quality [Case] Partnership between Land and Housing Corporation (LH) and industry-wide network of social enterprises to enhance competitiveness of cleaning industry</li> </ul>

Program	Description
Supporting religious networks	<ul style="list-style-type: none"> <li>Helping organize joint events for religious communities to advertise and strengthen SEEs(Successful joint events organized by establishing joint task force for collaboration)</li> </ul>

## □ Social Entrepreneurship Academy

The Academy educates and trains social entrepreneurs to develop strong visions, aptitudes, innovative ideas, and management skills as part of efforts to ensure the sustainable growth of social enterprises.

Program	Description
Social Economy Leadership Program	<ul style="list-style-type: none"> <li>Non-degree programs at colleges and universities designed to produce leaders capable of leading innovation and growth in the social economy</li> </ul>
Introductory Social Entrepreneurship Program	<ul style="list-style-type: none"> <li>Recruits aspiring social entrepreneurs and equips them with basic skills and knowledge as well as matching them with follow-up support programs and resources</li> </ul>
Expert development	<ul style="list-style-type: none"> <li>Courses are offered to train and develop experts in diverse fields, including social work and urban regeneration, to help strengthen human capital for the social economy</li> </ul>
Instructor training	<ul style="list-style-type: none"> <li>Courses are offered for experts and activists in various fields to help enhance their capability for interactive and participatory instruction and to become instructors</li> </ul>
Educator and trainer capability enhancement	<ul style="list-style-type: none"> <li>Education and training specialists at social economy training organizations are given re-training and capability enhancement support</li> </ul>
Standard training curriculum	<ul style="list-style-type: none"> <li>Developing standard social economy training curriculum based on surveys on and analysis of social economy training programs and their content nationwide</li> </ul>

Program	Description
Online competency training content	<ul style="list-style-type: none"> <li>Improving online competency training content for SEE workers, including those for labor relations, tax accounting, and marketing</li> </ul>
Academy performance evaluation	<ul style="list-style-type: none"> <li>Organizing online opinion polls and focus group interviews with major stakeholders to gather and analyze feedback on how training programs could be improved</li> </ul>
Social Economy Camp	<ul style="list-style-type: none"> <li>Provides interactive educational programs for youth to help them understand the importance of social values and the social economy</li> </ul>
Primary and secondary school teacher training	<ul style="list-style-type: none"> <li>Provides training for primary and secondary teachers to facilitate their teaching the social economy</li> </ul>

## □ Managing support agencies

KoSEA supports the development and enhancement of regional intermediary support agencies' capabilities for implementing and managing projects so as to foster effective systems of support for social enterprises and cooperatives.

Program	Description
Workforce development and capability enhancement	<ul style="list-style-type: none"> <li>Support for enhancing professionalism of support agencies through basic, specialized capability enhancement, and local networking capability enhancement training for executives and employees</li> </ul>
Operation and management support	<ul style="list-style-type: none"> <li>Organizing workshops, roundtables, and monitoring</li> </ul>

## □ Management consulting for (pre- liminary) social enterprises

KoSEA provides intensive and expert consultation on all subjects of management that require strategic thinking and development, including accounting, marketing, labor relations, legal affairs, and planning. It also provides professional help with specialized

fields of expertise, such as entering the public procurement market, overseas market entry, realizing social missions, branding and advertising, and management innovation.

### 3) Fostering conditions favorable to the social economy

#### □ Policy research and development

KoSEA undertakes professional and systematic policy research projects with the goals of amassing, managing and utilizing information on the social economy and finding measures to improve the relevant policy practices.

Program	Description
Policy R&D	<ul style="list-style-type: none"> <li>Organizes policy forums for different fields of the social economy, etc</li> <li>Develops statistical database on the social economy and regularly monitors policy implementation</li> <li>Carries out specialized studies to support policy development, such as analysis of factors to success</li> <li>Organizes overseas policy study visit</li> </ul>
Policy project development	<ul style="list-style-type: none"> <li>Develops business models suited to the social economy</li> <li>Develops standard models and disseminates</li> </ul>
Supporting realization of social objectives	<ul style="list-style-type: none"> <li>Supports development of statutes and policy measures, e.g., Framework Act on Realization of Social Values by Public Organizations, public–sector evaluation guides, etc.</li> <li>Analyzes and disseminates best–practice cases of realization of social values by public organizations</li> <li>Fosters CSR management of corporations and other nongovernmental actors</li> </ul>

#### □ Evaluation

Program	Description
Social value evaluation	<ul style="list-style-type: none"> <li>Measures financial and social performance of social enterprises using objective indicators.</li> <li>Expands application of Social Value Index, organizes training, refines Index, etc.</li> </ul>
Business report and performance analysis	<ul style="list-style-type: none"> <li>Analyzes social and financial performance of social enterprises based on business reports they submit.</li> </ul>
Autonomous management information disclosure	<ul style="list-style-type: none"> <li>Enables social enterprises to disclose management information voluntarily to stakeholders so as to enhance transparency of their operations (online and offline manuals, workshops, year–round consultation, etc.).</li> </ul>

#### □ Maintaining integrated information system

KoSEA ensures efficient and stable management of its integrated information system to ensure uninterrupted provision of financial and other forms of support for SEEs.

- KoSEA now issues electronic certificates (required for private contracts) on the percentages of workers from disadvantaged backgrounds that SEEs employ.

#### □ Resource matching

KoSEA effectively matches available resources at public and nongovernmental sources with SEEs in need to help the latter grow and enhance their capabilities.

- Promotes partnership and collaboration between SEEs, large corporations, and public organizations (CSR Collaboration Forum, etc.).
- Promotes new collaboration projects for realizing social objectives (Buy Social campaign, etc.).
- Recruits pro bono personnel and manages services.

## □ International relations

KoSEA undertakes joint projects and networks with international organizations and institutions over matters of the social economy, identifying policy issues and exploring ways to foster sustainable ecosystems for the social economy. The agency also organizes the Social Economy Leaders Forum (SELF), benchmarking and training trips abroad, and other activities of international exchange.

## □ Advertising social enterprises

KoSEA makes strategic use of new media, including YouTube, Facebook, entertainment shows, TV drama series, and the like to advertise the achievements and importance of SEEs and increase public support.

## □ Social Economy Week events

KoSEA organizes diverse events, including ceremonies, during Social Economy Week (the first week of July every year) to raise public awareness and increase support.

# Appendix 2: Measuring the Value of the Social Economy

#SEE Evaluation Model

#Social Startup Valuation Model

#Social Value Index (SVI)

#Social Progress Credit (SPC)

#Measuring the Value  
of the Social Economy





# 1. Social Value Index (SVI)

The SVI is an index that KoSEA has developed to evaluate the social value and impact of SEEs. It then uses the results to help SEEs self-check and decide which candidates will be most qualified for the policy support programs. The SVI consists of 14 indicators across three areas of performance: social, finance, and innovative performance. The heaviest weighting is assigned to social performance. The index is improved annually in light of feedback from diverse stakeholders.

## Social Value Index: Composition

Performance	Area	Category	Indicator	Points
Social performance (60)	Mission (10)	Social mission	1. Pursuit of social mission	2
			2. Presence of system for managing social performance	5
	Business activities (30)	Social value of main business activities	3. Social orientation of business activities	15
		Fostering social economy ecosystems	4. Collaboration with other SEEs	5
			5. Collaboration with local community	5
			6. Effort to return profits to society	10
	Organization (20)	Democratic governance	7. Percentage of democratically made decisions	5
			8. Wages for workers	8
		Worker orientation	9. Effort to enhance worker capabilities	5
Financial performance (30)	Financial performance (30)	Jobs and financial output	10. Number of jobs created	10
			11. Amount of revenue raised	10
			12. Outcome of sales activities	5
		Labor performance	13. Labor productivity	5
Innovative performance(10)	Business innovation (10)	Innovation	14. Management and product/service innovation	10
Total		14 indicators		100

\*Source: Manual on the Use of the SVI 2019, KoSEA (2018).

## 2. SEE Evaluation Model

The KCGF and KoSEA have together developed the Social Economy Enterprise Evaluation Model in an effort to facilitate decision-making on social finance in ways that reflect the characteristics of SEEs. The pilot model was first introduced in 2018. In 2019, the KCGF developed the version for SEEs in general, while KoSEA developed the version specifically for cooperatives.

### SEE Evaluation Model: Composition

General evaluation			Cooperative evaluation		
Area	Category	Indicator	Area	Category	Indicator
Qualification as SEE	Organizational philosophy	Social value of mission	Qualification as cooperative	Organizational philosophy	Clarity of mission
		Appropriateness of business plan			Appropriateness of business plan
		Entrepreneurship			Entrepreneurship
	Participation/ Consideraltion and solidarity	Appropriateness of decision–making		Participation/ Consideraltion and solidarity	Appropriateness of decision–making
		Effort to treat members well			Effort to treat members well
		Cooperation/ solidarity with other organizations			Cooperation/ solidarity with other organizations
	Social orientation	Social orientation of business activities		Member benefits	Orientation to member benefits
	Social contribution	Effort to contribute to society through business		Community/ Coexistence	Effort to contribute to local community
	Management capabilities	Leader’s capabilities			Effort to encourage charity and volunteerism
		Education/ training		Legally required education	Feasibility of financial support
	Competency training	Education/ Training	Legally required education		
Sustainability	Competitiveness of business		Competency training		
	Efficiency of sales/marketing	Sustainability	Use of service/ product by members		
Financial management capabilities	Rate of increase in revenue			Competitiveness of business	
	Interest coverage ratio		Efficiency of sales/marketing		
	Dependence on borrowings	Financial capabilities	Rate of increase in revenue		
	Financing capability		Rate of increase in investment		
	Asset soundness		Dependence on borrowings		
	Profit retention rate				

\*Source: Final Report on Development of the Social Economy Enterprise Evaluation Model, KCGF (2019).

### 3. Social Progress Credit (SPC)

The Social Progress Credit (SPC) developed by SK measures and rewards social enterprises for their contributions to solving social problems in terms of monetary value.

First, the SPC measures the social performance of social enterprises by first measuring and examining the outcomes of a given enterprise’s activities that cater to its social mission and core business. Second, it gauges “unrewarded social performance” that is not compensated by the market’s price mechanism and institution. Third, it estimates and converts the value of benefits that the enterprise has generated for intended beneficiaries into a market price. Fourth, it compares the enterprise’s performance to the performance of possible alternatives, such as governments, nonprofit organizations and for–profit businesses.

Social service performance consists of products and services provided toward solving social problems. Employment performance refers to the number and quality of jobs provided for the disadvantaged. Environmental performance consists of the reduction of resources used and pollutants. Social ecosystem performance refers to the impact that the enterprise has had on local communities, industries and civil society at large.

#### Social Progress Credit : Composition

Type		Mission	
		Solving social problems	Solving environmental problems
Social performance	Goods/services	Social service performance	Environmental performance
	Processes	Employment performance	
	Internal	Social ecosystem performance	
	External		

\*Source: [www.socialincentive.org](http://www.socialincentive.org)

## 4. Social Venture Valuation Model

The Social Venture Valuation Model was developed by the MSS and the KFTC to gauge whether a given enterprise possesses enough potential for social performance and innovation to be qualified as a social startup. Specifically, it objectively measures the social performance and potential for innovation, and projects their future social and financial performance. It consists of two submodels and 24 indicators.

### Social Startup Valuation Model : Composition

Evaluation of social performance				Evaluation of innovative potential				《Manufacturing》			
Category	Subcategory	Indicator	Points	Category	Subcategory	Indicator		Points			
Social orientation and mission	Entrepreneur's orientation	Strength of social entrepreneurship	14	Entrepreneur's capability for innovation	Knowledge and experience	Strength of technical knowledge		6			
		Experience with achieving social objectives	6			Experience in industry		8			
	Social mission	Specificity and distinctness of social mission	10		Innovativeness of technology	Management skills	Innovative entrepreneurship		8		
							Management competency		6		
Capability and system for generating social value	Capability	Relevance of business activities to social mission	12	R&D capability		R&D	Status of R&D workforce		8		
		Appropriateness of organization	8				R&D performance		6		
			Capability for mobilizing external resources and partnership		6	Superiority of technology	Completion of technology		6		
							Distinctness of technology		8		
	System	Superiority of social business model	8	Growth potential	Market and product	Market potential and prospects		10			
		Diffusiveness of social business model	8			Comparative advantage of product		12			
		Strength of social performance evaluation system	8		Feasibility	Feasibility of business plan		12			
						Strength of business infrastructure		10			
						Total				100	
		Evaluation of innovative potential				《Service》					
		Category	Subcategory	Indicator	Points	Category	Subcategory	Indicator		Points	
	Entrepreneur's capability for innovation	Capability and professionalism for innovation		Entrepreneur's capability for innovation	Capability and professionalism for innovation	Innovative entrepreneurship		8			
		Experience in industry				8					
	Management skills	Management competency			6						
		Innovativeness of service	Service development capacity		Innovative culture		8				
Status of development workforce				6							
	Service development performance			6							
	Innovativeness of service		Completion of service		6						
Usefulness of service			8								
	Growth potential	Market environment and service		Growth potential	Market environment and service	Market potential and prospects		10			
		Comparative advantage of service				12					
	Feasibility	Potential for securing market			12						
		Feasibility of business plan			10						
			Total				100				

\*Source: A Guide to Social Startup Criteria and Valuation Model, KFTC (2019).

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