

CREATIVE CAPITALIM: SOCIAL ENTERPRISES AND SOCIAL CAPITAL MARKET IN KOREA

Soo Hyun Ahn

Professor, Hankuk University of Foreign Studies

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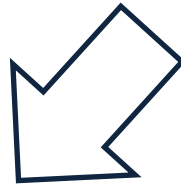
Social Capital Market for Korea
: Implementation drivers and hurdles

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: Entrepreneurship and Market Orientation

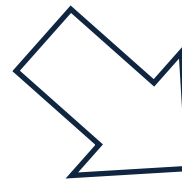
I. Introduction

To nurture the Impact investment

Channeling more money to address social problems by improving the efficiency of financing and by attracting new wealth to investments that have twofold value:



Economic



Social

I. Introduction

Social Capital Market

Supply Side

the sources of finance, which today are public allocation and philanthropic foundation, and in future may also include money form additional investors and institutional and corporate entities.

Demand Side

organizations that contend with the social problems and operate in variety of organizational formats

I. Introduction

financial intermediaries

the role of **financial intermediaries** is absent in the social capital market



In the social capital market, these intermediaries are necessary in the sense that they combine professional management knowledge with an understanding of the economic needs of the social organizations for addressing social challenges.

Social Capital Market

I. Introduction

financial intermediaries

With vigorous assistance of these intermediaries, government could succeed in bringing in new money to the social fields by developing innovative method of financing and diverse financial tools.

Social Capital Market

I. Introduction

Government

As a invaluable player, government should

View the social organization as direct partners in contending with the social problems.

Initiate, facilitate and enhance supports and remove regulatory obstacles and barriers.



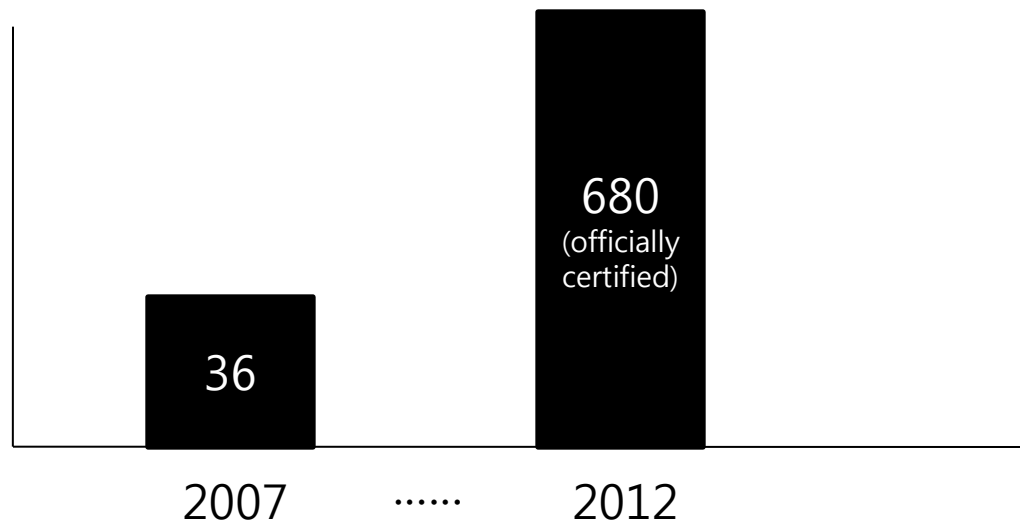
Government should take action to develop an innovative view of financing efforts to address social challenges, and to ensure the strength and prosperity for the social organizations that serve as the implementers of its social policy.

Social Capital Market

II. Overview of Social Enterprise in Korea

1. Number of Social Enterprise

The number
of social
enterprise
In Korea



<http://www.socialenterprise.or.kr/kosea/company.do>

= **social enterprise boom** in recent days.

II. Overview of Social Enterprise in Korea

1. Number of Social Enterprise

explicit advantage of certification

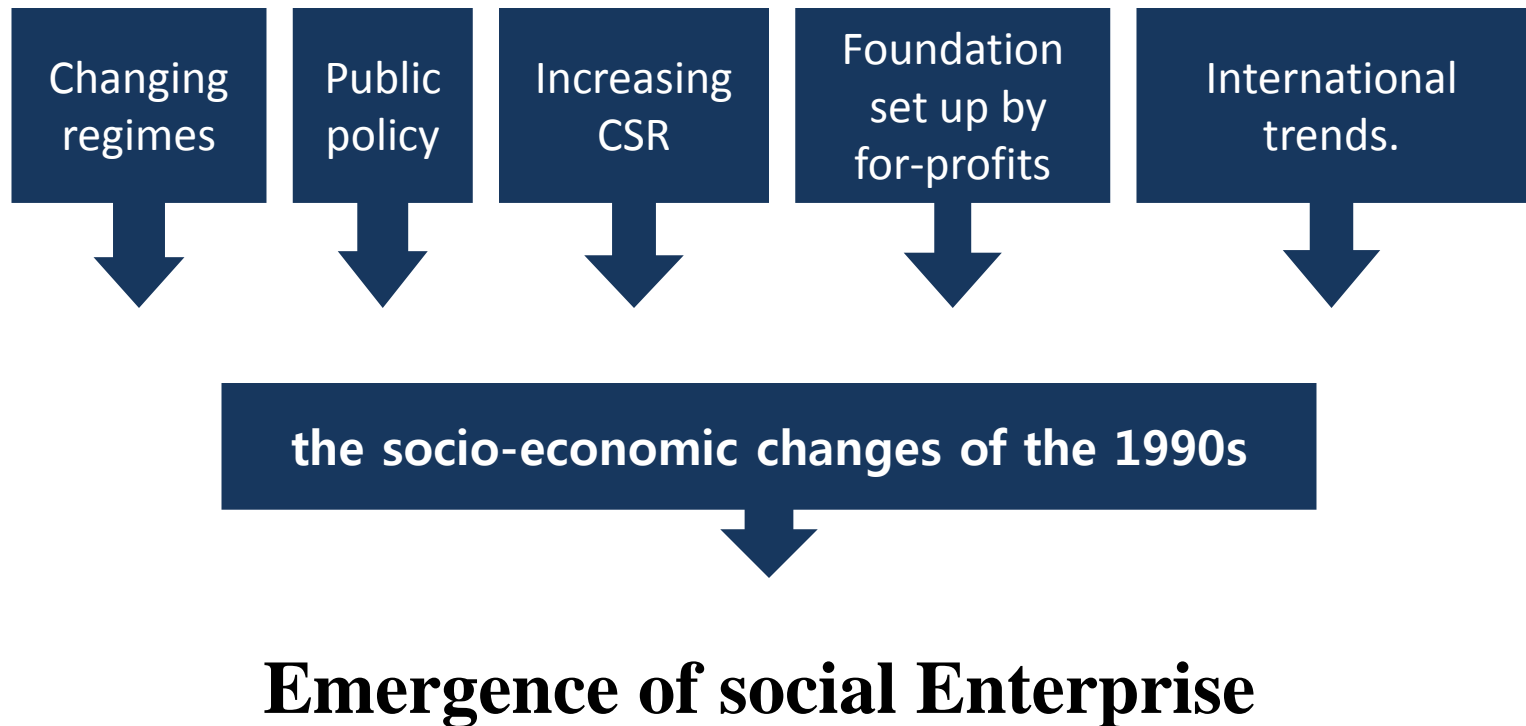


subsidy
for additional workers

Social job creating program

II. Overview of Social Enterprise in Korea

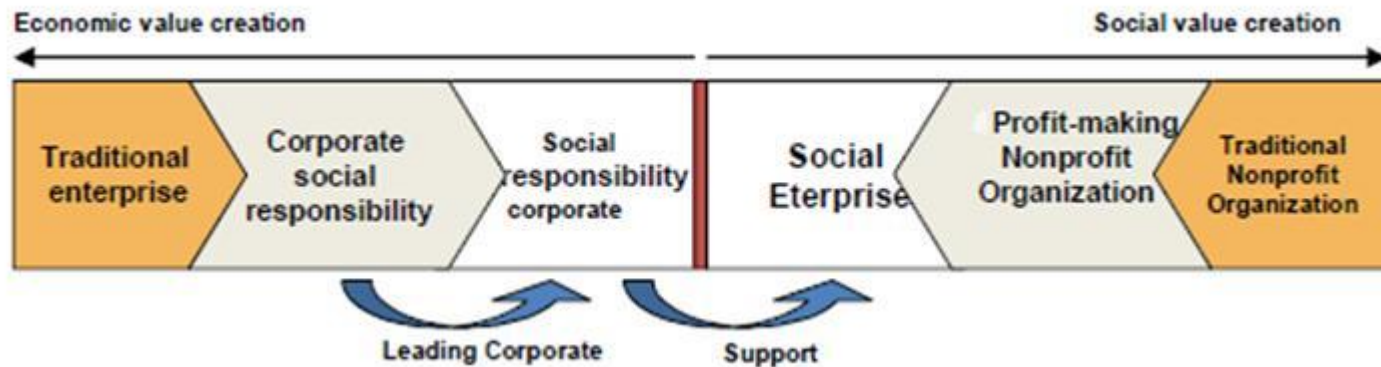
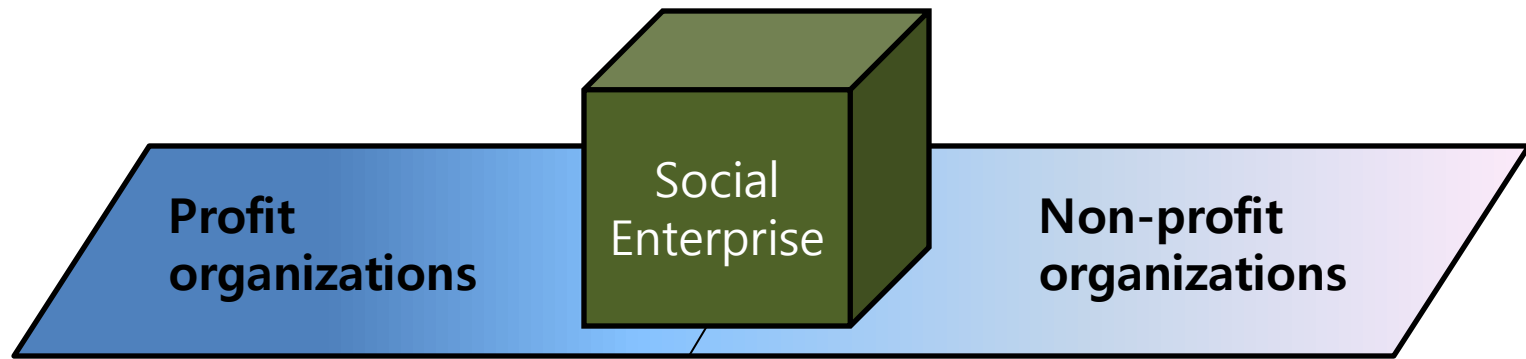
1. Number of Social Enterprise



II. Overview of Social Enterprise in Korea

2. The Concept of Social Enterprise in Korea

(1) Positioning of Social Enterprise

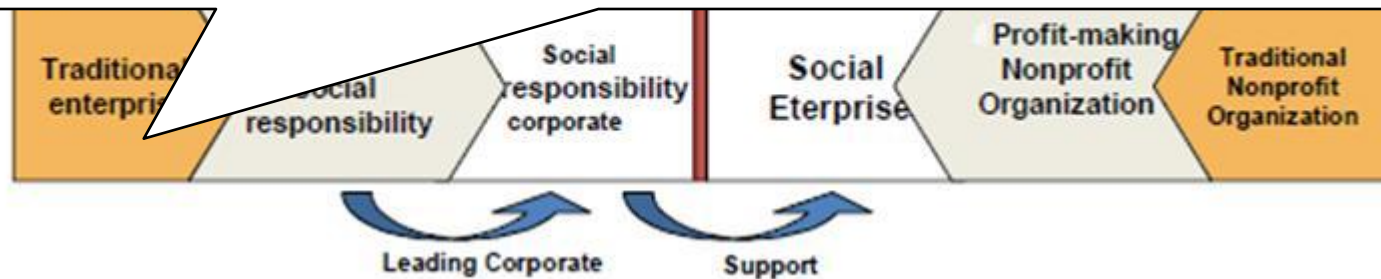


II. Overview of Social Enterprise in Korea

2. The Concept of Social Enterprise in Korea

(1) Positioning of Social Enterprise

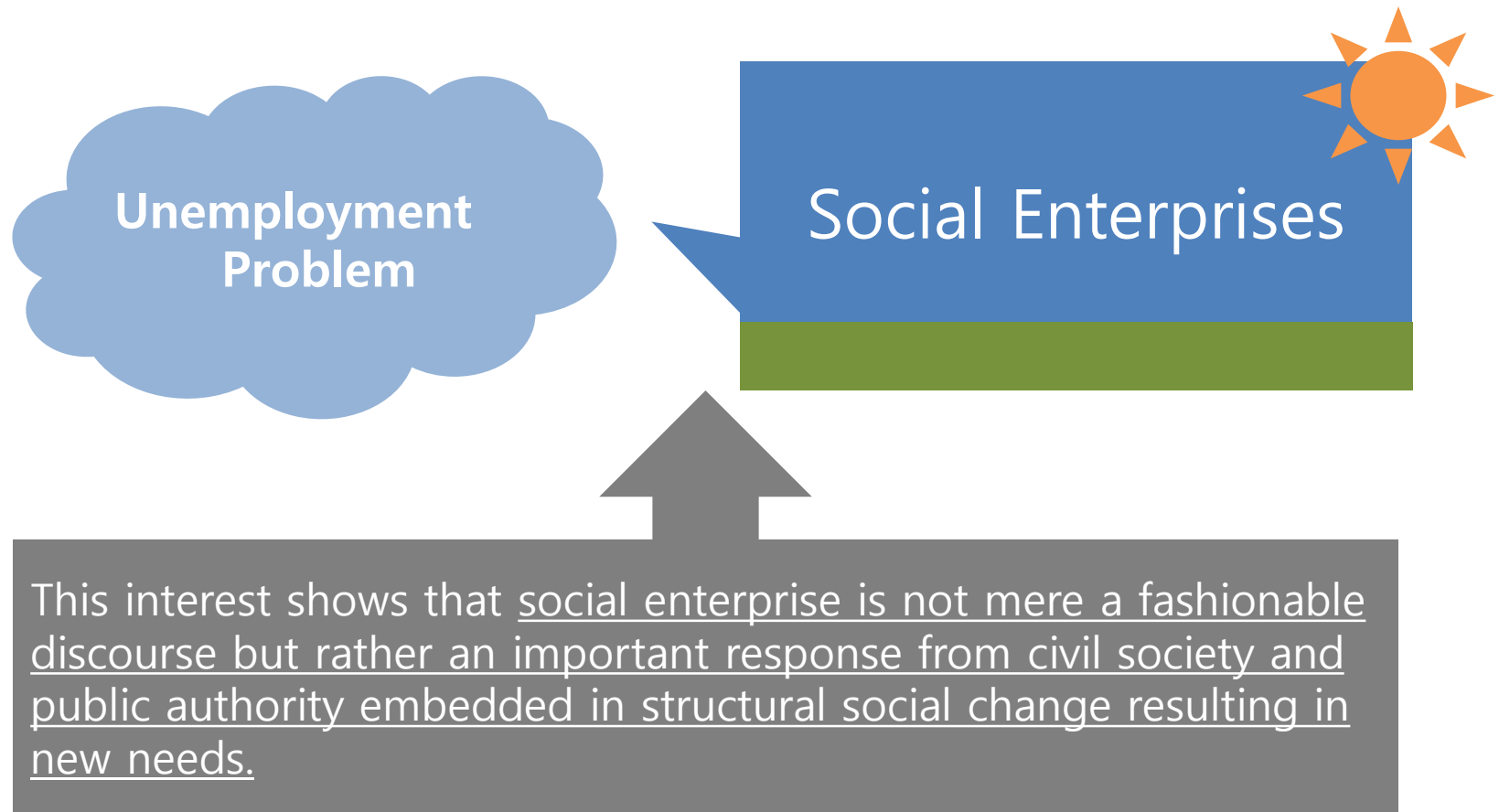
**In the context of Korea,
it is recognized only social enterprise certified
By Ministry of Employment and Labor**



II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(1) History



II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(2) Government Acknowledgement towards the Specific Type of Enterprise

The Act prohibits other organizations from using the name 'social enterprise'.

An official use of the term of social enterprise refers only to those certified social enterprises.

Definition; social enterprise

an organization which is engaged in business activities of producing and selling goods and services while pursuing a social purpose of enhancing the quality of local residents' life by means of providing social services and creating jobs for the disadvantaged, as an enterprise certified (article 2)

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(2) Government Acknowledgement towards the Specific Type of Enterprise

Requirements for Certification

- (1) an associative corporation registered under the Civil law,**
- (2) a company registered under the Commercial Act,**
- (3) a non-profit private organization, consumer cooperative,
a welfare association registered under respective
concerning laws**

article 8(1)

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(2) Government Acknowledgement towards the Specific Type of Enterprise

Procedural process

make the **proof** of the relationship between their activities
and the disadvantaged profiting from these activities.

(1) submit an application to the Ministry of Employment and Labor (Article 7)

**(2) deliberation of the Social Enterprise Support Committee
under the authority of the Ministry of Employment and Labor (Article 4)**

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(2) Government Acknowledgement towards the Specific Type of Enterprise



Illustrates the important change of relations and role among civil society, state and market in Korea.

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(3) Organizational Forms of Social Enterprise

; Public foundation, Association, Corporation,
Non-profit organizations

Problem?

a terminological confusion to the concept of
social enterprise in practice.

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

(4) Social Purposes

Social Enterprises



```
graph LR; SE[Social Enterprises] --- T1[Type 1  
Job Offer type for the disadvantaged]; SE --- T2[Type 2  
Social Service type for the disadvantaged like  
care services for elderly and disabled]; SE --- T3[Type 3  
Mixed Model : Both Job and Social Services]; SE --- T4[Other Social Purpose];
```

Type 1

Job Offer type for the disadvantaged

Type 2

Social Service type for the disadvantaged like care services for elderly and disabled

Type 3

Mixed Model : Both Job and Social Services

Other Social Purpose

II. Overview of Social Enterprise in Korea

3. Social Enterprise Promotion Act enacted in 2006

**(5) Decision making structures
: Participation of stakeholders**

**(6) In case of corporation,
more than 2/3 of profits for social purpose**

(7) Others

III. Social Capital Market for Korea : Implementation drivers and hurdles

Internationally,
social enterprises abroad relies on **market mechanisms**

market mechanism for social enterprise has not yet
developed in Korea

Challenges and Barrier

design of social stock exchange

Crowd funding regulation

nominated impact advisor

IV. Other Success Factors for Social Capital Market : Entrepreneurship and Market Orientation

Today's Business Environment

shortened life cycles of products and services
+ increasing uncertainty of future profits

take risks and to be progressive and innovative

respond better to the market needs than their competitors do

accurately forecast the market changes and provide the best values to their customers.

Entrepreneurship

Market Orientation



Thank you