Establishing a Sustainable Social and Solidarity Economy Ecosystem: The Case of Daegu, South Korea

Eun Sun Lee, Ph.D.

Assistant Professor
Department of Economics
Gyeongnam National University of Science and Technology

In order to construct a sustainable SSE ecosystem, it needs at least one of the following; either have a capable civil society or a strong public-private partnership.

**Research Question:**
How can we establish a sustainable SSE ecosystem in a region where there’s a weak civil society and almost no experience in public-private cooperation?

**The purpose of this study** is to identify the mechanism of constructing a SSE ecosystem, and it provides implications for other countries that lack experience in public-private cooperation.
Introduction

Proliferation of social enterprise by the government

- Enactment of Social Enterprise Promotion Act (SEPA) on 2007.

- The competition between the SEs becomes fierce to obtain the resources.

- Various conflicts began to take place between existing networks and new networks.
Research Case: Daegu metropolitan city

- It had no experience of public-private collaboration, low level of understanding of SSE.
- Daegu has managed to build SSE ecosystem successfully, even it is the only city which has overcome two unintended consequences.
Research Methods

Methods

To examine the dynamics of establishing SSE ecosystem, it conducted indepth-interviewes.

<table>
<thead>
<tr>
<th>Affiliation</th>
<th>Interviewee</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Certified Social Enterprise 1</td>
<td>CEO Kim</td>
<td>2018.05.15</td>
</tr>
<tr>
<td>Certified Social Enterprise 2</td>
<td>CEO Lee</td>
<td>2018.05.15</td>
</tr>
<tr>
<td>Candidate Social Enterprise 1</td>
<td>Executive Lim</td>
<td>2018.05.15</td>
</tr>
<tr>
<td>Candidate Social Enterprise 1</td>
<td>Executive Lim</td>
<td>2018.08.18</td>
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<tr>
<td>Related Institutions</td>
<td>CEO Chun</td>
<td>2018.08.18</td>
</tr>
<tr>
<td>Certified Social Enterprise 3</td>
<td>CEO Heo</td>
<td>2018.10.22</td>
</tr>
<tr>
<td>Certified Social Enterprise 4</td>
<td>CEO Jeong</td>
<td>2018.10.22</td>
</tr>
<tr>
<td>Certified Social Enterprise 5</td>
<td>Executive Seo</td>
<td>2018.10.22</td>
</tr>
<tr>
<td>Candidate Social Enterprise 2 &amp; Environmental Activist</td>
<td>CEO Lee</td>
<td>2018.11.05</td>
</tr>
<tr>
<td>Intermediary Organization</td>
<td>Executive Kim</td>
<td>2018.11.05</td>
</tr>
<tr>
<td>Candidate Social Enterprise 3</td>
<td>CEO Nam</td>
<td>2018.11.05</td>
</tr>
<tr>
<td>Daegu Sustainable Development Council</td>
<td>Executive Kim</td>
<td>2018.12.13</td>
</tr>
<tr>
<td>Local Sustainability Daegu Social Economy Council</td>
<td>Executive Kang</td>
<td>2018.12.13</td>
</tr>
<tr>
<td>Intermediary Organization</td>
<td>Executive Park</td>
<td>2018.12.14</td>
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</table>

It used text mining and semantic network analysis to demonstrate how SSEOs contribute to achieve SDGs.
A model of Collaborative Governance

Starting Conditions
- Power-Resource-Knowledge Asymmetries
- Incentives for and Constraints on Participation
- Prehistory of Cooperation or Conflict (initial trust level)

Influences

Collaborative Process
- Trust-Building
  - Good Faith Negotiation
- Face-to-Face Dialogue
  - "Small Wins"
  - Strategic Plans
  - Joint Fact-Finding
- Intermediate Outcomes
  - "Small Wins"
  - Strategic Plans
  - Joint Fact-Finding

Facilitative Leadership (including empowerment)

Institutional Design
- Participatory Inclusiveness, Forum Exclusiveness, Clear Ground Rules, Process Transparency

Outcomes

※ Source: Ansell & Gash(2008:550)
The Ansim Village Community Movement in Dong district

**Atti Library:** The residents began to collect books and donations and finally rent a shabby old place in the area and turned it into a library.

**Starting co-child care:** Mothers also started a study group to provide better child care service and eventually began to make various social service suggestions to the government.
The Ansim Village Community Movement in Dong district

Establishing a cooperative *Donghaeng*: It founded by leaders who carried out apartment community movements in the 1990s, gathered thousands of local residents and held local festivals.

As of 2018, more than 20 co-operatives, village enterprises and SEs throughout the Ansim region have been created through expanding and reproducing existing organizations.
Catalyst of Collaboration: Social Enterprise

### The Number of SSEOs in Daegu

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Enterprise</th>
<th>Candidate Social Enterprise</th>
<th>Village Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>889</td>
<td>302</td>
<td>473</td>
</tr>
<tr>
<td>2017</td>
<td>838</td>
<td>347</td>
<td>424</td>
</tr>
<tr>
<td>2018</td>
<td>900</td>
<td>341</td>
<td>471</td>
</tr>
</tbody>
</table>

### Average Sales (unit: million dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Enterprise</th>
<th>Candidate Social Enterprise</th>
<th>Village Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>32.3</td>
<td>8.5</td>
<td>7.4</td>
</tr>
<tr>
<td>2017</td>
<td>34.8</td>
<td>10.9</td>
<td>6.5</td>
</tr>
<tr>
<td>2018</td>
<td>43.7</td>
<td>12.7</td>
<td>6.9</td>
</tr>
</tbody>
</table>

※ Source: Request of information disclosure (Daegu metropolitan city, January 29, 2019)
Dynamics of Private-Private Cooperation

- The most important trigger: the experimentation of budget allocation
  - Intermediary organization (IO) distributed allocated business expense when one project was proposed by more than 5 SSEOs together in a district level.
  - SSEOs began to find collaborative items that were based on the local area, and have this perception that collaboration brings out a positive outcome.

- Leading group: CSO in Dong district
  - "We must stick together": Dong district was the first district to establish a integrated private network in Daegu.
  - Dong District case of synergistic cooperation among SSEOs of all types has served as a benchmark for the establishment of an integrated private network in other districts.
  - A professor in the region became involved in this network → the government began to show interest → Activists, SSEOs and public officers gathered together once a month to study about SSE, and naturally they got to discuss the future of Dong district's SSE ecosystem.
Dynamics of Public-Private Cooperation (1/2)

- Preferential purchasing system of SSEOs
  - Many of the SEs in Daegu made efforts to produce quality product and services that qualifies the standard of the government in Daegu.
  - As the volume of transactions increased, the cooperation was increased, as did trust in SEs.
Crucial role of Intermediary Organization

- “Because the number of public officials is small and the workload is large, it is difficult for them to do everything”

- Mayor’s Election in 2014: Young-jin Kwon, the new mayor, “The civil society is doing well in the sphere of the social economy, so what public officials should do is to support them from behind, not in front”

- Daegu City has been devoting itself as an assistant to the field, not in fostering social economy led by the public officials.

<table>
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<tr>
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<tbody>
<tr>
<td>The number of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSEOs</td>
<td>400</td>
<td>750</td>
</tr>
<tr>
<td>Employee</td>
<td>4,200</td>
<td>7,500</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$ 40 billion</td>
<td>$ 60 billion</td>
</tr>
</tbody>
</table>
SE’s contribution to the SDGs

Pathways of Daegu SSEOs’ contributions to the SDGs

[ 2008 – 2011 ]

[ 2008 – 2013 ]

[ 2008 – 2018 ]
From Co-management to Co-production

Collaborative Governance

Starting Conditions
- Recognition of Power-Resource-Knowledge Asymmetries
- Incentives for and Constraints on Participation
- Prehistory of Cooperation or Conflict (initial trust level)

Collaborative Process
- Provide cooperative opportunities
  - Opportunity for public to give to the private sector
  - Opportunity to collaborate among private networks
- Begin with “small wins”
  - Small wins of public-private cooperation
  - Small wins of private-private cooperation
- Institutionalization of cooperation
  - Finding and linking key figures connecting stakeholders
  - Authorizing to take part in the policy process for regional development
- Establish cooperation and trust
  - Mutual recognition of the synergy of cooperation
  - Sharing Interests

Outcomes
- Form Partnership as Co-Producer
- Build a Sustainable Ecosystem
Conclusion

Two cases, environmental movement and Ansim village community movement have limited scalability beyond specific fields or areas.

- Environmental movement was concentrated on the environmental field equivalent to current SDGs 6, 7, 13 and 15. And Ansim village community is related SDGs 3, 4, 8 and 11.

- Activating local issues and improving local community life in the region ultimately include all elements of SDGs, and as a result, in the course of social economy expansion and consolidation, more SDGs are achieved unintentionally.


Thank you

Eun Sun Lee, Ph. D.
Assistant Professor
Department of Economics
Gyeongnam National University of Science and Technology
33 Dongjin-ro, Jinju-si, Gyeongsangnam-do 52725, Republic of Korea

E-mail: eunsun@gntech.ac.kr, lamonde0625@gmail.com