



Korea Social Enterprise  
Promotion Agency

# Sharing Korea's Experience

2019.11.01.

## Emergence and development of social enterprise system

### Emergence of social issues after 1997 economic crisis

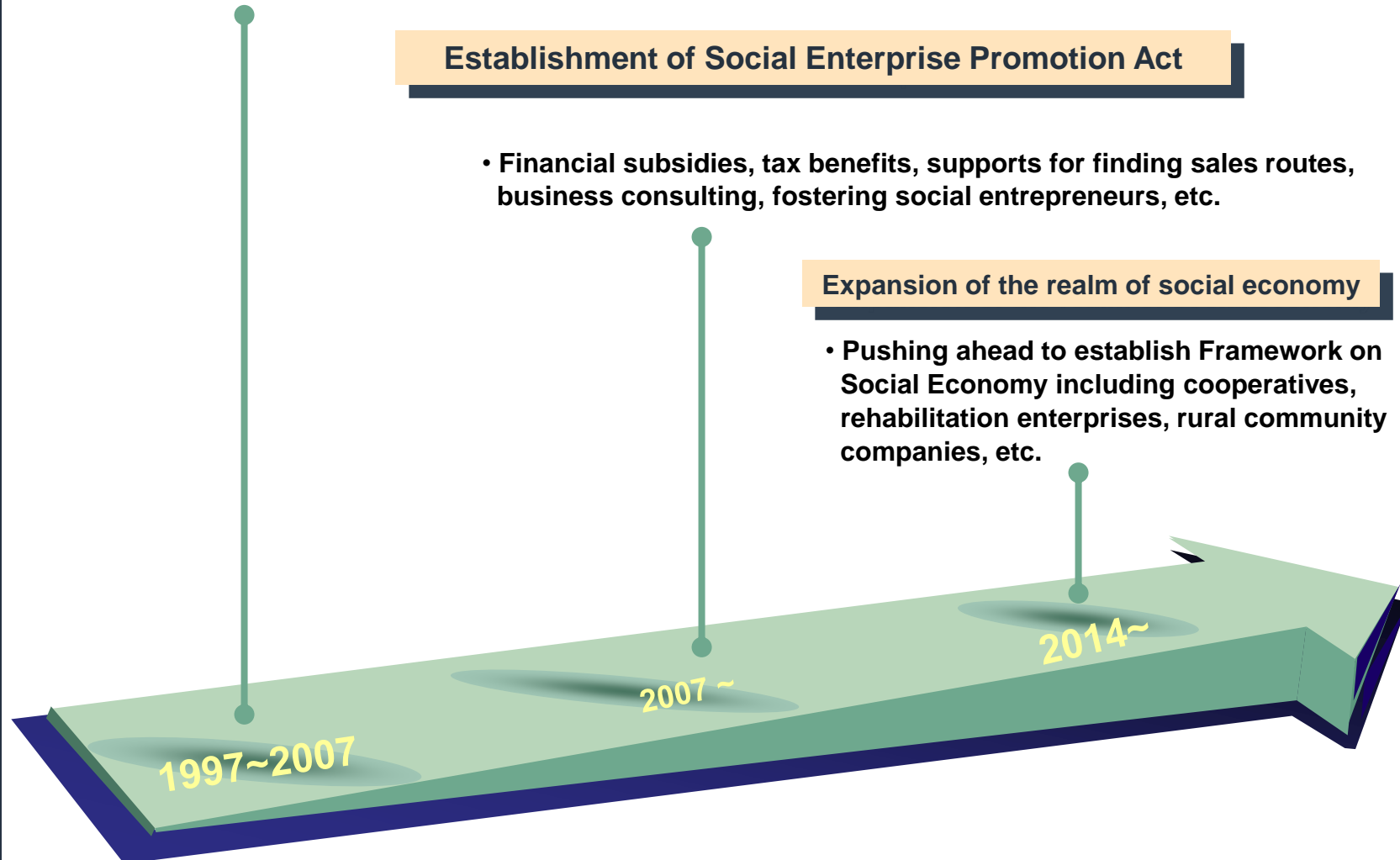
- Growth without employment, unemployment of socially vulnerable people, socio-economic polarization / Increase in demand of social services

### Establishment of Social Enterprise Promotion Act

- Financial subsidies, tax benefits, supports for finding sales routes, business consulting, fostering social entrepreneurs, etc.

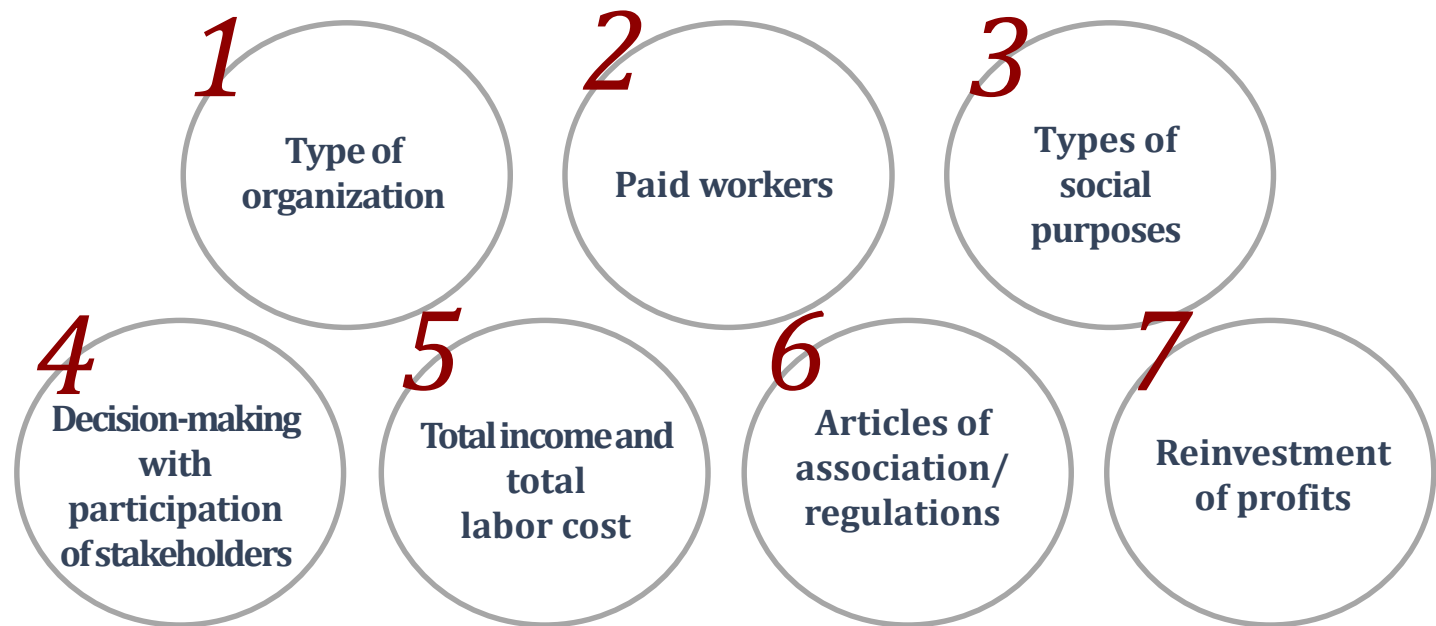
### Expansion of the realm of social economy

- Pushing ahead to establish Framework on Social Economy including cooperatives, rehabilitation enterprises, rural community companies, etc.



# Requirements of Certification

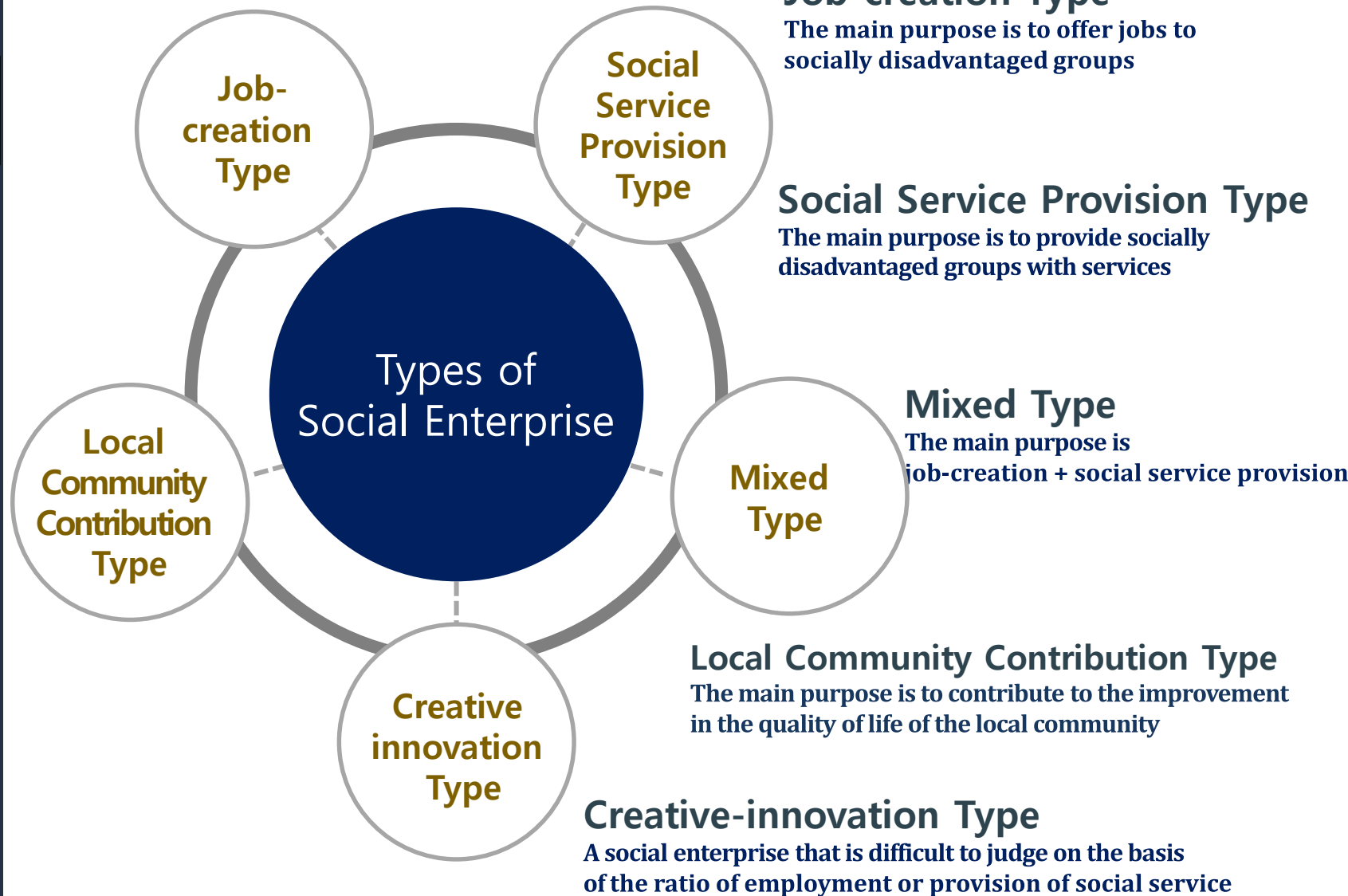
## SE Certification



Type of organization	It shall assume the form of an organization prescribed by Presidential Decree, such as a corporation or association as defined in the Civil Act, a company or limited partnership as defined in the Commercial Act, a corporation established under any Special Act, or a non-profit, non-governmental organization
Paid workers	It shall employ paid workers and conduct business activities, such as production and sale of goods or services
Types of social purposes	The primary objective of the organization shall be to realize social objectives, such as enhancing the quality of life of community residents by providing vulnerable social groups with social services or job opportunities, or by contributing to the communities.
Decision-making with the participation of stakeholders	It shall have a decision-making structure in which interested parties, such as the beneficiaries of services and employees, participate
Total income and total labor cost	The revenue generated through business activities shall meet or exceed the 50% of labor costs
Articles of association	It shall prepare articles of incorporation, bylaws, or a similar
Reinvestment of profits	It shall use at least 2/3 of profits for social objectives, where it generates distributable profits for each fiscal year (applicable only to companies or limited partnerships as defined in the Commercial Act)

# Certification of SE

## SE Certification

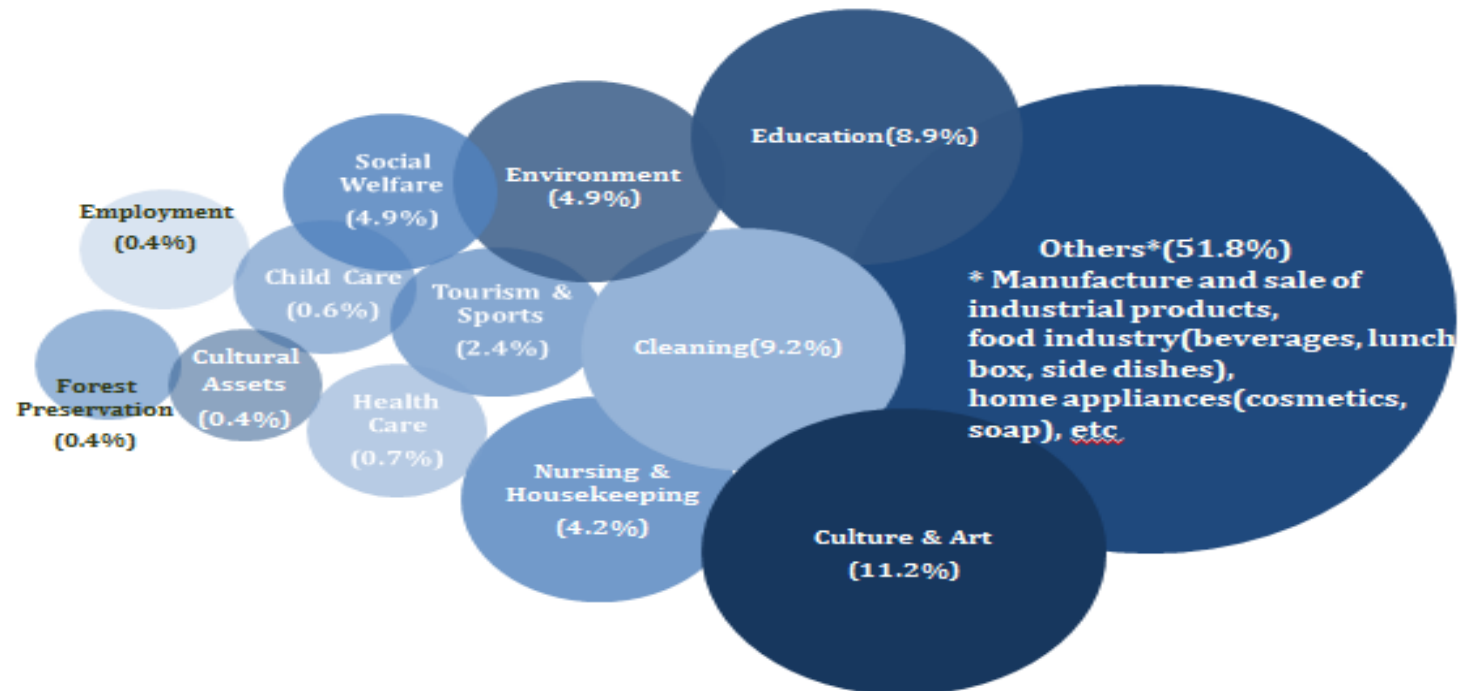


# Current Status of SE

- The number of certified social enterprises: 2,306<as of 2019.9.>
  - The number of employees: 47,790(vulnerable people 28,764(60%))<as of 2019.9.>
- Third year survival rate of social enterprises(certified in 2015)=> 90.5%(as of 2018.12.)
    - ※ Third-year survival rate tendency  
=> ('16) 95.8% → ('17) 90.2% → ('18) 90.5%
    - ※ The third year survival rate of the general enterprise: 39.1%

## Current Status of SE in Korea

### <Industry Classification>



# Main Works of KoSEA

Established in 2010.12, based on Social Enterprise Promotion Act Article 20,  
KoSEA consists of 5 Divisions and 14 Teams

## Exploring and Fostering SEs

- Incubating social entrepreneurs  
(providing a office space, mentoring program)
- Holding the Social Venture Idea Competition
- Supporting the social enterprise certification
- Running academy programs

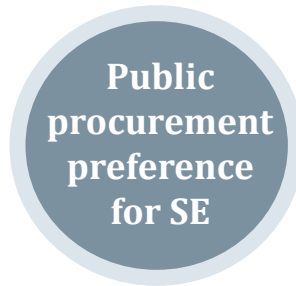
## Strengthening Self-Support Ability of SEs

- Providing basic and expert consulting
- Enhancing SEs product and service competitiveness  
(Supporting entry in sales channels, holding Social Economy Expo)
- Promoting public purchase of SE products

## Spreading Values of SEs

- Measuring the economic and social performance created by SEs
- Monitoring and Evaluating the certified SEs
- Promoting International cooperation
- Linking needed resources  
(operating crowdfunding, matching with pro bono, Supporting SE with CSR funds)

# Public sector's support for SE



SE supporting  
system  
of Korea

# Social Enterprise Ecosystem

Key Player	Major Role
Civil organization	Supporting building up the solidarity between local government and civil organizations such as main non government organizations through connecting human and material resources of local societies
Private company	Promoting major companies to support social enterprise by following the way an individual company pursuits when it comes to fulfill CSR activities
Public organization	Helping public organizations to plan and implement social enterprise support programs in the part of social responsibility activities
Academia	Activating knowledge-exchange and research on the related study
Finance organization	Treating standard loan of funds and credit guarantee loan Doing impact investment and Operating crowdfunding <b>with</b> the products or services created by social enterprises



# Social Value Index(SVI)

Social Value(60scores)+Economic Value(30scores)  
+Innovation Performance(10scores)=SVI(100scores)

2010  
Started  
Development  
measurement of  
Social Value

2012  
Reviewed  
Literature of  
Measuring  
Social Value

2013  
tried to find  
Index in Social  
Value

2014  
Built of Social  
Value Index of  
Bank  
10 Sectors,  
704 index

2015  
Selected Basis  
Index of Social  
Value(44 index)  
and Conducted  
Pre-test  
(10% of SE)

2016  
Fixed and  
Utilized SVI

Progress of  
Developing  
SVI

# Social Value Index(SVI)

Aspect	Category	Contents	Index	Score	
Social value (60)	Mission (10)	Management of social mission	1. Pursuit of social value	5	
			2. Social performance evaluation system	5	
	Business activity (30)	Main business's social impact	3. Social value orientation of business activity	10	
			Effort to establish ecosystem of social economy	4. Cooperation effort with other social economic organizations	5
				5. Cooperation effort with local community	5
	Operation (20)	Re-investment of profit for social purpose	6. Effort to return its profit to society	10	
			Democratic operation	7. Decision-making involving various stakeholders	5
				Employees-oriented management	8. Wage level of employees
	Economic value (30)	Financial outcome (30)	Job creation and financial outcome		9. Effort for employee's capacity building
				10. Job creation	10
11. Sales				10	
Performance concerned with labor			12. Business performance	5	
	13. Labor productivity	5			
Innovation performance (10)	Corporate innovation (10)	Innovativeness of business activity	14. Business operation and product's innovativeness	10	
Total		14 Index		100	



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**THANK YOU**