

A Sustainable Strategy and Action Plan of Social Enterprise in Korea

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Abstract

Social Enterprise (SE) has a vital role to play in helping meet some main commitments for Korea-growing economy; supporting stronger communities; closing opportunity gap-together with the developing a vibrant third sector.

The Strategy and action plan is intend to grow and develop us of social enterprise business model in Korea. The sustainable strategy and action plan will be useful for Korea's Social enterprise. This paper will suggest that from the sustainable strategy to action plan of social enterprise in Korea.

Key Words: Social Enterprise (SE), Third Sector, sustainable Strategy

1. Introduction

A part of business is change; now more than ever, business moves at a pace that is unparalleled. Business consists of all profit-seeking activities and enterprise that provide goods and service necessary to an economic system. Business drives the economic plus of nation. It provides the means through which its citizens' standard of living improves.

The quest for profits is a central focus of business because without profits, a company could not survive. But business people also should recognize their social and ethic responsibilities. To succeed in the long run, companies must deal responsibility with employees, customer, suppliers, competitors, government, and the generals.

Social Enterprise is classified as not-for-profit organization, businesslike establishment that has primary objectives other than returning profits to their owner. In fact social enterprise's object is catch two rabbits. The organization play important roles in society by placing public service above profits, although it is important to understand that organization need to make profit and create new job so that it can operate and achieve its social goals.

Social Enterprises are growing in Korea. Although they focus on goals other than generat-

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ing profits, without growth and profit, managers of social enterprise face many of the same challenges as executives of profit-seeking business. So managers of social enterprise organization face many of the challenges as executives of profit-seeking business. This paper will suggest that from the sustainable strategy to action plan of social enterprise in Korea.

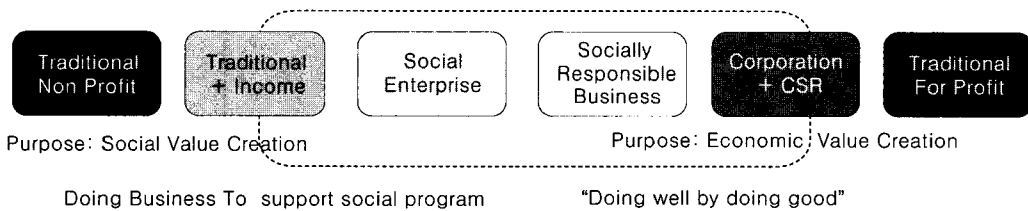
2. Literature Review

2.1 Social Enterprise

The idea of social enterprise is becoming increasingly popular. Social Enterprise is social mission driven organization that trade in goods and services for the social purpose. Social enterprise is a relatively new term for a type of business that has existed for at 1980's in Europe. The original use of the term social enterprise was first developed by Freer Speckley in a publication called Social Audit-A Management Tool for Co-operative Working published in 1981 by Beechwood College. Social Enterprise is generally held to comprise the more businesslike and end of the spectrum of organizations that make up the third sector or social economy.

Social Enterprise lies at the interception between pure business and traditional nonprofit. Shifting stakeholder expectations of nonprofit organizations to achieve larger scale impact while also diversifying their funding has been credited as a major factor in the appearance of the "nonprofit hybrid" part for-profit and part nonprofit. All hybrid of social enterprise generate both social and economic value and are organized by degree of activity as it relates to: 1) motive, 2) accountability, 3) use of income.

The Hybrid spectrum includes four types of Hybrid. On the right hand side of the spectrum are for-profit entities that create social value but whose main motives are profit-making and distribution of profit to shareholders. On the left hand side of the spectrum are nonprofits with commercial activities that generate economic value to fund social program but whose main motive is mission accomplishment as dictated by stake-holders mandate (Etchart and Lee, 1999).



Note: Adapted from "Social Enterprise Typology" Kim Alter by, Virtue Ventures LLC, 2006 and its version of Etchart, Nicole and Lee Davis, "Profits From Nonprofits," NESsT, 1999.

Figure 1. The Domain of Social Enterprise

Table 1. Spectrum of Practitioners

	Purely Philanthropic	Hybrid	Purely commercial
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission-driven	Balance of mission and market	Market-driven
Goals	Social Value Creation	Social and economic value creation	Economic value Creation
Destination of Income/Profit	Directed toward mission activities of nonprofit organization(required by law of organizational policy)	Reinvented in mission activities or operational expenses, and/or retained for business growth and development(for profits may redistribute a portion)	Distributed to shareholders and owners

Theoretically, the concept of social enterprise can be seen as a tool for building bridges between co-operatives and non-profit organizations (Dees and Emerson, 2001).

2.2 Social Enterprise in Korea

Social Enterprise has become an important component of government social and economic policy in Korea. The South Korean Social Enterprise Model has been more closely allied to ‘welfare to work’ strategies.

After the IMF relief loan, a new alternative system which differs from present labor market policies must be introduced. This is due to socio-democratic changes which include employment insecurity, social bi-polarization and social exclusion resulting from poverty and unemployment, and the increasing population of the elderly.

Generally, Korea Government has basic mind that philosophy in social safety net from ‘welfare state’ to ‘welfare-to-work’ and aim at empowering the people to market success and overcome economic disadvantage.

The ministry of Korea has developed a new legal that is a facilitating social enterprise. The Korea government has established environment for social enterprise. In 2007 a new le-

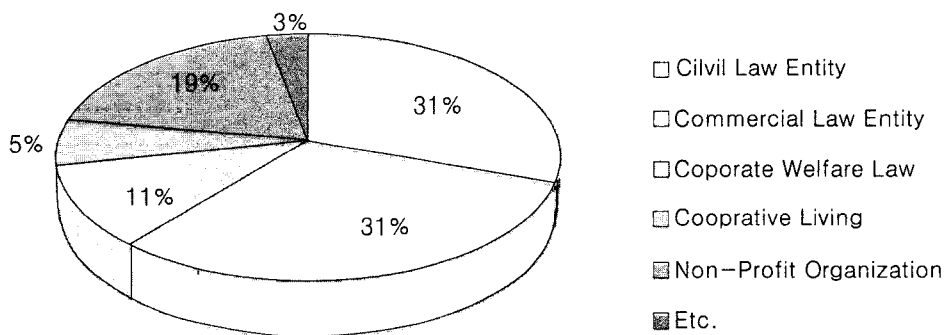


Figure 2. Social Enterprise in Korea

gal form was introduced. In October 2007, The Government announced the selection of 36 social enterprises which can get social support, legal advice, consulting service, marketing and promotional opportunities for them. In addition, companies are marketing and social effects to enhance the company's image (<http://www.molab.go.kr>). These lists are shown in Figure 2.

3. Sustainable Strategy and Action Plan for Social Enterprise

Social Enterprise must consider the followings: Mission Platform, Social entrepreneurship, Quality Management, and Networking Management

3.1 Mission Platform

Mission is the star steer by. Everything begins with mission, everything flows from mission. Mission Platform was composed by mission, vision and strategies. Organization that has strong mission platform will survive without any problem. Mission is the cornerstone of effective organizations in all sectors. Mission provides leaders, funders, customer-all of the people involved with the organization-with a clear understanding of its purpose, its reason for being. Mission Platform in Social Enterprise is starting point at business as person who wants to take on the train to going to her/his direction. Mission Platform was composed by mission, vision, and strategies. Mission platform is shown in Figure 3.

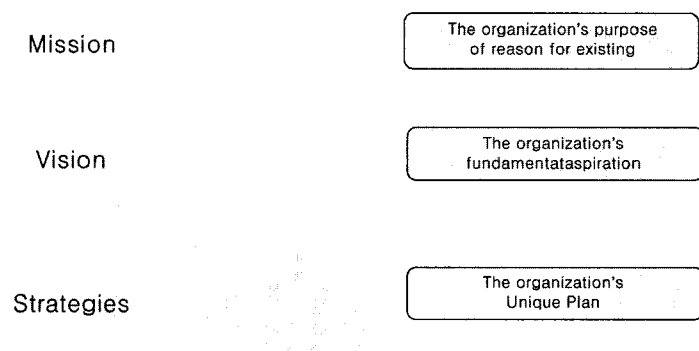


Figure 3. Mission Platform

Mission is the organization's purpose or reason for existing. Mission defines a direction, not a destination. It tells the members of an organization why they are working together, how they intend to contribute to the world. Without a sense of mission, there is no founda-

tion for establishing why some intended results are more important than others. Mission instills both the passion and the patience for the long journey (Senge, 1994). The following statements represent the mission of three organizations.

- Wecan Cookie: To provide Intellectual disabilities with the job and superior value.
- Dasomi Foundation: To provide poverty women with the job and social welfare.
- Dongchun Cap: To provide Intellectual disabilities with the job and Happiness.

A vision is an organization fundamental aspiration and purpose, usually by appealing to its member's hearts and mind. The corporate vision is the most fundamental statement of a corporation's values, aspirations, and goals (Quigley, 1993). A true vision must provide a clear image of a desirable future. The following statements represent the mission of three organizations.

- Wecan Cookie: Leading the cookie industry and providing the quality cookie.
- Dasomi Foundation: Making the happiness of poverty woman.
- Dongchun Cap: Generate income from commercial activities to selling caps.

Strategy is the major courses of action selected and implemented to achieve one or more goals. Competitive strategy is about being different (Porter, 1996). It means deliberately choosing a different set of activities to deliver a unique mix of value. Most of social Enterprises in Korea have no differentiation against pure companies. So social enterprise should develop strategic position based on customer's needs and wants.

3.2 Social Entrepreneurship

The idea of social entrepreneurship is becoming increasingly popular as nonprofit leaders search for new ways to serve their missions and generate fund for their organizations.

There is no single definition of the world entrepreneurship. French economists coined the term entrepreneur approximately 200 years ago. It has evolved in both meaning and significance over the years. These changes have created a strong tradition that reflects the inherent strength of the entrepreneurial spirit.

More recently, management guru Peter Drucker (2002) described entrepreneurs and entrepreneurship this way: "the entrepreneur always searches for change, responds to it, and exploits it as an opportunity." Entrepreneurs see the opportunities rather than the problems created by change.

Often entrepreneurs create new business activity by starting new companies. But entrepreneurs manage resources in order to create something new—a new business, a new product or service, or even a new market. High successful entrepreneurs often are differentiated from less successful entrepreneurs by how quickly they increase their new business activities. The

most successful entrepreneurs are generally considered to be those whose business activities grow most rapidly.

Successful entrepreneurs find market opportunities that others may have overlooked and form a vision of how to exploit these opportunities (Hellriegel *et al.*, 1999). The Entrepreneurial organization can be opportunity-and customer-focused, looking for openings in the marketplace, for customers seeking new services or interest. Entrepreneurs position themselves well in markets that are shifting or are untapped. In this sense, they are innovative and creative. They accurately predict that the direction markets are moving then prepare to serve those markets before others are ready to do so. Entrepreneurship is the willingness to take risk to create and operate a business. An entrepreneur is someone who see a potentially profitable opportunity and the devises a plan to achieve success in the marketplace and earn those profits.

Besides creating jobs, selling products, and networking other organizations, social entrepreneurship provides the benefits of innovation. Most of Social entrepreneurs in Korea are religion leaders who take over endurance, love social weaker. They have passion, desire, and beliefs. The social entrepreneurship is shown in Figure 4.

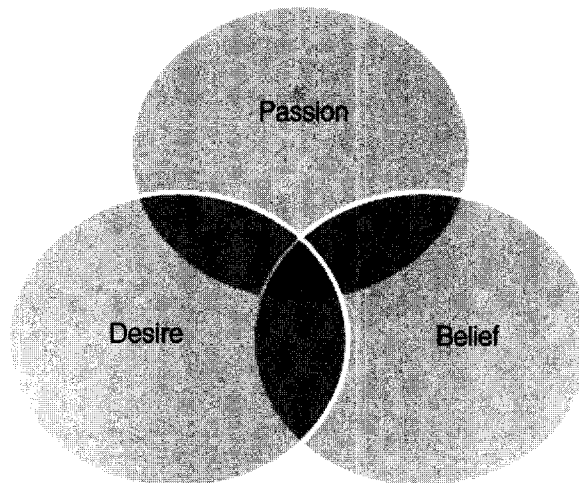


Figure 4. Social Entrepreneurship

3.3 Quality Management

Today's organizations are dynamic and, whether large or small, local or global, face formidable new management challenges. Customer demand for high-quality products and/or services on time, reward ethical behavior of employees, and develop plans to manage highly diverse workforces effectively. Customer demand for high-quality products and services may be the dominant the theme for the foreseeable future.

Quality is a basic business strategy that provides goods and services that completely satisfy both internal and external customer by meeting their explicit and implicit expectations (Tenner and Detoro, 1992). According to Berry *et al.* (1985), Quality can be categorized five dimensions they called the set “SERVQUAL” the five elements can be easily be remembered through the acronym “RATER” (Tenner and Detoro, 1992). The five dimensions are listed below.

- **Reliability:** Ability to perform the promised service dependably and accurately
- **Assurance:** Knowledge and courtesy of employees and their ability to inspire trust and confidence
- **Tangibles:** Physical facilities, equipment, and appearance of personnel
- **Empathy:** Caring, individualized attention the firm provides its customers
- **Responsiveness:** Willingness to help customers and provide prompt product and service

Social Enterprises in Korea are more likely to succeed by offering a high quality product or service, rather than by introducing something completely new. Offering exceptional quality led to success for Social Enterprise.

Producing high-quality products or services isn't an end in itself. Successfully offering high quality to customers typically results in three important benefits for the organization as shown in Figure 5.

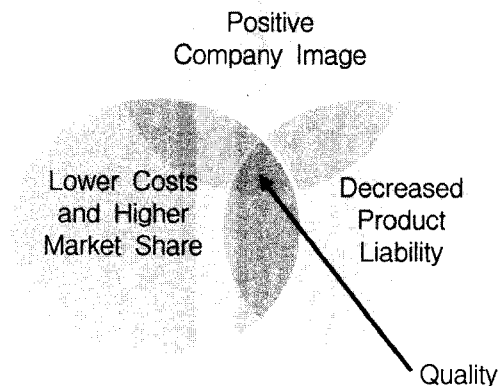


Figure 5. Benefits of Quality Management

4. Conclusion

A social enterprise has become an important component of governmental social and eco-

conomic policy in Korea. A social enterprise is any business venture created for a social purpose-mitigating/reducing a social problem or a market failure-and to generate social value while operating with the financial discipline, innovation and determination of a private sector business. Social enterprises are social mission driven organizations which trade in goods or services for a social purpose. The need to deliver on financial, social and environmental performance targets is often referred to as having a triple bottom line.

Although social enterprises focus on goals other than generating profits, leaders of social enterprise in Korea face many of the challenges.

To operate effectively social enterprise, Manager of Social Enterprise must develop effective business skills and experience. Social enterprise must have a strong mission platform for survival and success. And social entrepreneurs should find that they must form partnerships with other organizations to take full advantage of available opportunities.

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