

Case study

Learning from the Korean experience: The policy-making process of a Social Enterprise Promotion Act

Dr. Jieun Ryu

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Abstract

South Korea is a leader in establishing legal frameworks for supporting different types of social and solidarity economy (SSE) organizations. Among several SSE-relevant legal frameworks, the Social Enterprise Promotion Act (SEPA) greatly influenced the growth of social enterprise and shaped the discussion around the concept of social enterprise and social economy organizations. Indeed, the SEPA is the key legal framework and policy that inspired the need for other SSE legal frameworks as well as the evolution of the concept of SSE organizations in the Korean context. The policy-making process of the SEPA provides critical insights for future SSE legal frameworks both in Korea and other countries that are considering building an SSE legal framework. Therefore, in this paper, I will review the initial policy-making process of the SEPA, focusing on main issues and challenges discussed between different stakeholders using multiple datasets. Reviewing these challenges and issues can show critical steps that each country should follow when discussing, designing, and implementing an SSE-relevant legal framework. I will also briefly review how the government and policymakers responded to the challenges during the policy-making process. This will be useful for countries considering the establishment or further development of an SSE legal framework and relevant policies.

1. Introduction

South Korea is a leader in establishing legal frameworks for supporting different types of social and solidarity economy (SSE) organizations. The OECD defines SSE organizations as “the set of associations, cooperatives, mutual organizations, and foundations whose activity is driven by values of solidarity, the primacy of people over capital, and democratic and participative governance (OECD, 2007)”. However, in Korea, SSE organizations are often simply called social economy organizations which include social enterprises, cooperatives, community enterprises, and self-sufficiency enterprises in Korea.

Currently, in South Korea, the establishment of the Social Economy Framework Act is under discussion at the National Assembly. This act can provide an inclusive and overarching legal framework for existing SSE organizations. Although, there are already several different legal frameworks for social enterprises, cooperatives, community enterprises, and self-sufficiency enterprises in Korea. Among them, the Social Enterprise Promotion Act (SEPA) (enacted in 2006) which greatly influenced the growth of social enterprise in terms of its quantity and quality. The SEPA has successfully promoted social enterprise over the last 15 years – currently, there are 2,846 operating certified social enterprises in Korea (Korea Social Enterprise Promotion Agency, 2021). Moreover, the SEPA also shaped the discussion around the concept of social enterprise and social economy organizations. Furthermore, this discussion ultimately resulted in the Framework Act on Cooperatives in 2012 and the ongoing debate on the Social Economy Framework Act.

The first version of the SEPA (2007) defines social enterprise as “an enterprise certified in accordance with Article 7 as one that pursues a social objective aimed at enhancing the quality of life of community residents by providing vulnerable social groups with social services and job opportunities while conducting its business activities, such as the production and sale of goods and services” (Ministry of Employment Labor, 2006: Article 2). As this legal definition of social enterprise did not cover other SSE organizations, the need for legal frameworks and definitions for other types of SSE organizations emerged. The certification system also facilitated the discussion around the concept of social enterprise and other SSE organizations as not every SSE organization could meet the certification criteria of social enterprises.

Therefore, the SEPA is the key legal framework and policy that inspired the need for other SSE legal frameworks as well as the evolution of the concept of SSE organizations in the Korean context. The policy-making process of the SEPA provides critical insights for future SSE legal frameworks both in Korea and other countries that are considering building an SSE legal framework.

In this paper, I will review the initial policy-making process of the SEPA, focusing on main issues and challenges discussed between different stakeholders, including the government, policymakers, social entrepreneurs, and civil society actors using multiple datasets, including the official documents, the minutes of public hearings, meeting, and forums, other relevant documents, and 36 in-depth and semi-structured interviews. Reviewing these challenges and issues can show critical steps that each country should follow when discussing, designing, and implementing an SSE-relevant legal framework. I will also briefly review how the government and policymakers responded to the challenges during the policy-making process. This will be useful for countries considering the establishment or further development of an SSE legal framework and relevant policies.

2. The Current Status of Social and Solidarity Economy (SSE) Legal Frameworks in Korea

Currently, in South Korea, five legislative bills on the "Framework Act on Social Economy" were submitted to the National Assembly and are currently under review for approval. The purpose of the Framework Act is to provide an inclusive and overarching legal framework for existing "social economy organizations," including social enterprises, cooperatives, community enterprises, and self-sufficiency enterprises. All these types of social economy organizations have legal organizational forms recognized by different legal systems. First, the Social Enterprise Promotion Act (2006), which certifies social enterprises that meet certain economic and social criteria. Second, the Framework Act on Cooperatives (2012), which emphasizes the cooperative governance as a registered cooperative should have more than five members who have equal voting rights. Third, the Enforcement Rule of Community Enterprise Promotion (2011), which recognizes community enterprises contributing to the local economy, environment, and culture. Fourth, the National Basic Living Security Act, which recognizes self-sufficiency enterprises. There are also legal frameworks that recognize and support other types of cooperatives such as consumers' cooperatives, agricultural cooperatives, fishery cooperatives, forestry cooperatives, producers' cooperatives, small-medium business cooperatives, and credit unions (see Table 1).

Different ministries also support these SSE organizations. For example, certified social enterprises are supported by the Ministry of Employment and Labor, cooperatives are supported by the Ministry of Strategy and Finance, self-sufficiency enterprises are supported by the Ministry of Welfare, and community enterprises are supported by the Ministry of the Interior and Safety. Due to this fractured support structure, it has been inefficient to provide appropriate support to SSE organizations in a systemic and holistic way from an administrative perspective (Jung, 2020).

Table 1. Social Economy Organizations Mentioned in the Bills on the "Framework Act on Social Economy" and Their Legal Frameworks in Korea

Social Economy Organization	Legal Framework	Year of Establishment	Ministry	Legal Organizational Form
Social Enterprise	Social Enterprise Promotion Act	2007	Ministry of Employment and Labor	1. A public interest corporation 2. A non-profit, non-governmental organization 3. A social welfare corporation 4. A consumer cooperative 5. A cooperative; a federation of cooperatives;

				a social cooperative; a federation of social cooperatives 6. A corporation or non-commercial organization
1. Cooperatives 2. Federation of Cooperatives 3. Social Cooperatives 4. Federation of Social Cooperatives	Framework Act on Cooperatives	2012	Ministry of Strategy and Finance	1. A limited liability company 2. A nonprofit incorporated association
Community Enterprise	Special Act on Promotion of And Support for Urban Regeneration	2013	Ministry of Land, Infrastructure, and Transport	1. A limited liability company 2. A company or limited partnership as defined in the Commercial Act 3. A cooperative as defined in the Framework Act on Cooperatives
	Enforcement Rule of Community Enterprise Promotion	Updated every year	Ministry of the Interior and Safety	4. An agriculture or fisheries-related producers' organization
Self-sufficiency Enterprise	National Basic Living Security Act	1999	Ministry of Health and Welfare	An association or a business entity under the Value-Added Tax Act
Legal entities, associations, companies, agriculture or fisheries-related producers' organization supported by the Act	Special Act for the Enhancement of Quality of Life of Farmers and Fishermen and the Promotion of Regional Development of Agriculture and Fishing Village Area	2018	1. Ministry of Agriculture, Food and Rural Affairs 2. Ministry of Oceans and Fisheries	1. A corporation or association as defined in the Civil Act 2. A company or limited partnership as defined in the Commercial Act 3. An agricultural or fisheries corporation 4. A non-profit organization
1. Consumers' Cooperative 2. Federation of Consumers' Cooperative 3. National Federation of Consumers' Cooperative	Consumer Cooperatives Act	2010	Korea Fair Trade Commission	A limited liability company
1. Regional Agricultural, Livestock Cooperative 2. Central Federation	Agricultural Cooperatives Act	1957	Ministry of Agriculture, Food and Rural Affairs	A limited liability company
1. Fisheries Cooperatives 2. Central Federation	Fisheries Cooperatives Act	1962	Ministry of Oceans and Fisheries	A limited liability company

1. Regional Forestry Cooperative 2. Central Federation	Forestry Cooperatives Act	1980	Korea Forest Service	A limited liability company
1. Tobacco Producers Cooperative 2. Central Federation	Tobacco Producers Cooperatives Act	1963	Ministry of Strategy and Finance	A limited liability company
1. Credit Union 2. National Federation	Credit Unions Act	1972	Financial Services Commission	A nonprofit corporation incorporated
1. Credit Cooperative 2. Regional Credit Cooperative 3. Federation	Community Credit Cooperatives Act	1983	Ministry of the Interior and Safety	A nonprofit corporation incorporated
1. SME Cooperative 2. Industrial Cooperative 3. Cooperative Federation 4. Central Federation	Small and Medium Enterprise Cooperatives Act	2007	Ministry of SMEs and Startups	A limited liability company

While there are many pre-existing social economy organizations in Korea, the use of the term ‘social enterprise’ became popular with government support and the enactment of the SEPA in 2006. According to the SEPA, a social enterprise can be certified by the government, the Ministry of Employment and Labor (MoEL), if it has achieved certain economic and social requirements. Economic dimensions are the following: first, it has to employ one or more paid workers and conduct business activities, such as the production and sale of goods or services; second, the revenue generated through its business activities has to meet or exceed the standards prescribed by Presidential Decree (at least two-thirds of earnings); third, if the legal organizational form is a company or limited partnership as defined in the Commercial Act and distributable profits are generated during a fiscal year, more than two-thirds of the profits have to be reinvested for social purposes (Social Enterprise Promotion Act, 2006). In terms of social dimensions, first, the organization's primary objective is to enhance the quality of life of the residents in the community by providing vulnerable social groups with jobs or social services or realizing social objectives otherwise. Second, the social enterprise needs to have a structure that enables the beneficiaries of services, employees, and interested parties to participate in decision-making processes (Social Enterprise Promotion Act, 2006).

The law also identifies different organizational types for social enterprises to justify its social purposes: work integration model, social welfare service model, community development model, mixed model, and creative and innovative model (Ministry of Employment and Labor, 2019). If a social enterprise wants to have a social enterprise certification, it has to fit one of these models. The main objective of the work integration model is job creation. In this model, the employment ratio of vulnerable social groups should be over 30%. The social welfare service model’s main objective is to provide social welfare services. Here, the ratio of vulnerable social groups receiving social services is over 30%. In the case of the community development model, the objective is to contribute to the local community. More specifically, it should use local resources to employ vulnerable local social groups and provide them with social services. Moreover, the ratio of each of these figures should be at least 20%.

The objective of the mixed model is to combine both the work integration model and the social welfare service model. For example, when a social enterprise’s main objectives are job creation and social services, it is considered a social enterprise with a mixed model. In this case, the ratio of each figure should be at least 20%.

If it is difficult to quantify its social value and activities, a social enterprise can be certified as a creative and innovative model. In this case, a social enterprise should submit relevant organizational information about how they are contributing to society (Ministry of Employment and Labor, 2019).

For the certified social enterprises, the government provided several financial and administrative benefits. A certified social enterprise can receive government subsidies for the employment and social insurance of vulnerable social groups and professionals who can contribute to a business improvement for one to three years. Additionally, every certified social enterprise can obtain corporate, and national and local income tax exemptions. Moreover, a certified social enterprise can selectively receive subsidies for facility costs and business development expenses. Public institutions are also encouraged to support certified social enterprises by increasing preferential purchases of their goods and services. In terms of non-monetary support, certified social enterprises can receive professional consulting support for business management, technology, taxation, labor relations, and accounting, and education/training support if necessary (Social Enterprise Promotion Act, 2006).

Indeed, the certification system of social enterprise contributed to the development of SSE-relevant policies in Korea by providing a clear definition and guidelines to social enterprises. However, ironically, the clear definition and guidelines made stakeholders question what a social enterprise and social economy are and how the SEPA can support social economy organizations in a sustainable way.

3. Methods

3-1. Data Collection

In this paper, multiple data, including official documents, meeting and public hearing minutes, newspaper articles, and 36 in-depth and semi-structured interviews, are used to identify critical issues and challenges for the SEPA from different stakeholders' perspectives. To analyze the government's primary objectives for the SEPA as well as the policy making process, several legal and official documents were collected, as shown in Table 2.

Table 2. List of Collected Government Documents

Type of Document	Title of Document	Category
Legal Documents	1. Social Enterprise Promotion Act 2. Enforcement Decree of the Social Enterprise Promotion Act (No. 22520, 9 th Dec. 2010) 3. Enforcement Rule of the Social Enterprise Promotion Act (No. 269, 20 th Dec. 2019)	Certified Social Enterprise
	1. Ordinance on the Support and Promotion of Social Enterprises (Total of 212, 6 are revoked) 2. Regulations on the Support and Promotion of Social Enterprises (Total of 39)	Preliminary Social Enterprise
Government Report	1. Master Plan to Promote Social Enterprises (2008-2012) 2. Master Plan to Promote Social Enterprises (2013-2017)	Certified and Preliminary Social Enterprise

The minutes of public hearings, forums, and meetings were also collected to see what discussions and critical points emerged when the SEPA was established. Different stakeholders, including policymakers, members of the National Assembly, social entrepreneurs, academics, and members of SSE organizations participated in public hearings, forums, and meetings. The minutes from these public events are used to compare different perspectives of stakeholders on the SEPA. Table 3 shows the list of public hearings and meeting minutes that

have been collected.

Table 3. List of Collected Public Hearing, Forum, and Meeting Minutes

Type of Document	Title of Document
Public Hearing Minutes	<ol style="list-style-type: none"> 1. Enactment of the Social Enterprise Promotion Act and Supporting Social Enterprise (19th April, 2006) 2. Enactment of the Social Economy Basic Act (11th August, 2014)
Forum Minutes	<ol style="list-style-type: none"> 1. Forum on How to Establish the Social Enterprise Promotion Act (24th August, 2006) 2. Forum on Social Enterprise, What and How (2nd February, 2007)
Meeting Minutes	<ol style="list-style-type: none"> 1. 259th General Assembly, 4th Environment and Labor Committee (18th April, 2006) 2. 259th General Assembly, 13th Environment and Labor Committee (24th November, 2006) 3. 281st General Assembly, 5th Environment and Labor Committee (26th March, 2009) 4. 282nd General Assembly, 4th Environment and Labor Committee (21th April, 2009) 5. 289th General Assembly, 5th Environment and Labor Committee (27th April, 2010) 6. 262nd, 1st Environment and Labor Committee Law Examination Subcommittee (13th September, 2006) 7. 262nd, 3rd Environment and Labor Committee Law Examination Subcommittee (27th September, 2006) 8. 262nd, 4th Environment and Labor Committee Law Examination Subcommittee (22nd November, 2006) 9. 285th, 2nd Environment and Labor Committee Law Examination Subcommittee (16th December, 2009) 10. 289th, 2nd Environment and Labor Committee Law Examination Subcommittee (26th April, 2010) 11. 304th, 2nd Environment and Labor Committee Law Examination Subcommittee (23th December, 2011)

The collected data, including the legal and official documents, the minutes of public hearings, forums, and meetings, and 36 in-depth and semi-structured interviews are analyzed to compare and contrast perspectives of different stakeholders on the SEPA. During this analysis process, some challenges and critical steps of the policy-making process of the SEPA are identified, which will be explained in-depth in the next section.

4. Findings

At the initial policy-making process of the SEPA, many legal and practical challenges emerged. In this paper, the main five challenges to enacting the SEPA are identified. First, there was an inter-ministerial conflict between the Ministry of Labor and the Ministry of Welfare on which ministry should be in charge of the SEPA. Second, the legal definition of social enterprise on the SEPA was challenged by non-governmental stakeholders. Third, the fast institutionalization process of social enterprise was criticized as it seemed not to include other types of SSE organizations. Fourth, field-level stakeholders also questioned the need for the certification system for social enterprise. Lastly, some contents of the SEPA were not fully incorporating other relevant laws and policies.

4-1. Challenge 1: Inter-ministerial Conflict on the SEPA - Ministry of Employment and Labor VS Ministry of Welfare

During the legalization process of the SEPA, the Ministry of Labor and Ministry of Welfare competed against each other to institutionalize social enterprise following their policy objectives. In the Korean context, the government as a strong state takes the leading role in institutionalizing a new industry (Spencer et al., 2005).

However, a consensus on the promotion of a certain policy is not always easily reached between actors in the policy sector, and it often involves inter-ministerial competition for projects (Kim, 2002; Park et al., 1996). During the institutionalization process of social enterprise, the Ministry of Welfare (MoW) and the Ministry of Employment and Labor (MoEL) clashed over the meaning and purpose of social enterprise.

This inter-ministerial competition occurred between the MoW and MoEL to decide which department will operate and make a decision on social enterprise promotion policies. In the beginning, several government departments joined the discussion because they had different perspectives about the provision of social welfare services. Traditionally, the MoW used to deliver social welfare policies, including public health, aging, childcare, disabled, and pension related issues. As the traditional role of the MoW was to provide social welfare services to the public, the MoW was interested in promoting social enterprise policies within the scope of their authority.

However, the original motivation for establishing social enterprise promotion policies was to provide job opportunities to vulnerable people, given that unemployment represented the most urgent issue on the government's agenda to be solved. For this reason, promoting social enterprise activities was considered also to be a responsibility of the MoEL. The main dual objectives of social enterprises, which consisted of providing job opportunities and social services to vulnerable people, were at the origin of the conflict between the two Ministries, which traditionally were in charge of each policy area.

The MoW and MoEL perceived social enterprises differently in terms of policy goals, beneficiaries of social welfare policies, level of work provided by a social enterprise, efficiency of the policy and potential field-level partners. While the MoW considered the beneficiaries of social enterprise policies as vulnerable people who are consumers of social welfare services, the MoEL insisted that supporting social welfare service providers – social enterprises – is a more effective way of delivering social welfare and employment policies at the same time. Although the MoW had supported self-sufficiency enterprises within their policy schemes, which are often considered the origin of social enterprises in the Korean context, the MoEL also criticized the limitations of social welfare policies.

Secondly, there was another struggle between a group of government departments that emphasized the importance of financial sustainability and a group emphasizing the role of capacity building of the third sector, of social sustainability, of social development, and of close relationships with civil society. The first group consisted of the Ministry of Strategy and Finance (MoSF) and the Ministry of Planning and Budget (MoPB), while the second group is given by the MoEL, MoW, and Ministry of Culture (MoC). With regard to the first group, they found the certification system and the social enterprise promotion strategies (which are providing payroll for certified social enterprises to employ workers) not to be a sustainable way of supporting social enterprise activities. On the contrary, the second group, instead, considered this idea a good way of building a good relationship with civil society. Also, they believed that civil society has sufficiently matured to deal with social problems emerging from the field, such as a jobless and aging society.

4-2. Challenge 2: Legal Definition of Social Enterprise

In Korea, the active interaction on the establishment of the SEPA started between stakeholders in March 2005 when the MoEL organized the SEPA Task Force Team. The initial legislative bill of the SEPA clarifies that the employment ratio of vulnerable social groups should be greater than 40% for a social enterprise to be certified. However, the "Civil Society Solidarity for Social Enterprise Development (CSSSED)" criticized this definition as it does not include one of the key characteristics of social enterprise, namely cooperative governance.

The will of the CSSSED to include cooperative governance as one of the main characteristics of a social enterprise could be seen from the Legislative Bill on Social Enterprises resulting from a joint effort with Jin, Young from the

Hannara Party. Article 12 of this legislative bill on the promotion and the support for social enterprises clearly mentions that:

“A social enterprise consists of members, and these members include workers and users, investors, contributors (donors), volunteers and others who are involved in the activities.”

Furthermore, the members of the CSSSED also emphasized the community spirit along with social solidarity and to revive communities through social enterprise activities. However, in the first version of the SEPA, these characteristics of social enterprise – cooperative governance, social solidarity, and reviving community – were not included.

4-3. Challenge 3: Fast Institutionalization of Social Enterprise

In Korea, social enterprise was institutionalized quickly. The SEPA Task Force Team was launched in March 2005 and the SEPA was enacted in December 2006. During the policy-making process, there was criticism that this institutionalization process was taking place too quickly, and the government seemed to be attracted by the new term – social enterprise. From a non-government stakeholder’s perspective, other SSE organizations, such as self-sufficiency enterprises, could be excluded from the institutional field due to the fast institutionalization process.

However, from the government’s perspective, this fast institutionalization has been considered a unique and taken-for-granted characteristic of the Korean government. About the criticism that self-sufficiency enterprise is excluded in the SEPA, the government perceived the previous policies promoting work and social welfare to have failed to deliver social welfare programs in a sustainable way. Especially, the MoEL that led the policy-making process of the SEPA emphasized the role of social enterprises in creating work opportunities and delivering social welfare services in a sustainable way. For this reason, some field-level SSE organizations, such as self-sufficiency enterprises and voluntary organizations, were excluded in the initial process of the institutional-building of social enterprise.

4-4. Challenge 4: The Need for the Certification System

The initial Legislative Bill of the SEPA includes the idea of certifying social enterprises that meet certain criteria. However, the need for a certification system was questioned by other stakeholders. For example, in the Legislative Bill on Social Enterprises that the Hannara Party and the CSSSED jointly prepared, they insisted that social enterprise groups have to be separated based on the willingness of social entrepreneurs to receive government funding. The CSSSED considered that some social enterprises were already making profits and therefore do not need government subsidies, so they would not be interested in certification because the benefits of being certified are mostly related to financial support. Instead, the CSSSED emphasized the need for a registration system for social enterprises who prefer to receive only educational or consultancy supports (Environment and Labor Committee in the National Assembly, 2006).

Nonetheless, the first version of the SEPA legally restricted the use of the name social enterprise to only certified social enterprises and not the uncertified ones. As a matter of fact, according to the SEPA, an uncertified social enterprise can be fined if they use the name of social enterprise without having a certification.

4-5. Challenge 5: Conflicts with Other Related Laws

There was also a criticism that the contents of the SEPA are in conflict with other related laws and policies. For example, although the SEPA emphasized the “entrepreneurial” side of social enterprises, a private company could not be certified as a social enterprise based on the Commercial Law. Also, although the SEPA promotes

the establishment and the later stages of new businesses based on an innovative social entrepreneurial idea, a social enterprise could not apply for a support program of the Small and Medium Business Administration (SMBA) based on the Small and Medium Business (SME) law. Therefore, non-governmental stakeholders questioned the effectiveness of the SEPA and claimed that there was a lack of understanding by the government on what field-level practitioners need.

4-6. How Are These Challenges Resolved?

All the challenges mentioned above were discussed during the policy-making process of the SEPA even after its establishment. The SEPA was established with strong government support with the purpose of solving unemployment issues urgently. Therefore, some criticisms and challenges were not fully taken into consideration at the initial stage of the policy-making process – the SEPA was enacted in December 2006 under the jurisdiction of the Ministry of Employment and Labor as the act focuses on unemployment issues rather than social welfare issues. Also, the legal definition of social enterprise in the initial version of the SEPA did not include the concept of cooperative governance and community spirits.

However, as a result of continuing discussion on the contents and practical implications of the SEPA, the act was amended several times. In 2012, the concept of cooperative governance and community spirits was included in the legal definition of social enterprise. According to the amended version of the act, social enterprise is “the one that pursues a social objective aimed at 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 while conducting its business activities*, such as the manufacture or sale of goods and services” (Ministry of Employment and Labor, 2012: Article 2). Moreover, social enterprise is now considered a SME that can enjoy government benefits for SMEs such as preferential purchases by public institutions.

5. Conclusion and Recommendations

From the Korean experiences of establishing a legal framework for social enterprise, I provide recommendations for policymakers and stakeholders at SSE organizations as below.

At the consultation stage, the purpose of the legal framework should be discussed. Clarifying the purpose of the legal framework can identify which government department will be in charge of managing the relevant policies. This also can help identify who should be included in the policy-making process and what kind of support policies/programs should be developed. Furthermore, ensure that key field-level SSE actors are identified and included in the discussion at this stage. The discussion with the field-level stakeholders and SSE actors can contribute to identifying types and concepts of SSE organizations from a practical perspective.

At the designing stage of a legal framework, the potential legal definition of SSE organizations and relevant concepts should be thoroughly discussed. The definition of SSE organizations could vary in different political, economic, social, and cultural contexts. Therefore, developing the definition of SSE organizations based on field-level research and experiences could provide unique circumstances to its definition in their national context. Also, there is a need to ensure that the legal framework is not conflicting with other existing relevant legal frameworks and policies. More specific support policies/programs and the legal framework should also be discussed at this stage. For example, in Korea, there was an in-depth discussion about the certification system and how certified social enterprises will be supported.

At the implementation stage, it is important to keep interacting with the stakeholders to receive feedback on the impact of the legal framework from a practical perspective. Policymakers and government officials in Korea participated in several conferences and seminars on social enterprise to share the government’s perspective and to hear the field-level perspective on the SEPA after its establishment. At this point, intermediary

organizations played an important role in monitoring, observing, and supporting the certified social enterprises as well as feeding the results back to the government.

Overall, the challenges and outcomes of the SEPA provide examples of critical issues that emerge during the policy-making process. First, an inter-ministerial conflict occurred when defining the purpose of the legal framework. Second, the legal definition of an SSE organization did not always reflect the field-level definition and relevant activities of SSEs. In part, this was due to the speed in which the SEPA was enacted. Third, the government needs to know the needs of the field-level stakeholders and include them in the design of the legal framework. Lastly, there is a possibility that a new legal framework may not fully incorporate other laws and policies. In Korea, these challenges are mostly resolved by actively monitoring the impact of the SEPA, communicating with stakeholders, and amending the act to reflect the feedback received from the field-level stakeholders. Although this is a country-specific case study, learning about the policy-making process of the SEPA is useful for countries considering designing a legal framework for SSEs.

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