



2016

English Research Paper -26

The Creative Economy and Women's Jobs (II): Vitalizing Social Economy for Job Creation

Taek Meon Lee
Young Ock Kim
Seung Hyun Lee
Hae Jin Lee
Sun Haeng Lee
Kyung Sook Lee





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Korean Women's Development Institute
225 Jinheung-ro Eunpyeong-gu
Seoul 03367
Korea
www.kwdi.re.kr



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1. Introduction: purpose and contents of research

- Creative economy is made possible when industrial policies are implemented together with changes at an organizational level to promote creativity at an individual, company and community level in a comprehensive and systematic manner. It is possible to bring about such changes by expanding and vitalizing social economy. Based on this insight, we embarked on the 2nd year of research 『Creative Economy and Women's Jobs』. There was a need for research that would address conditions where social economy takes root and grows and ways that social economy satisfies social needs at a community level such as job and caring, and further determine as to whether or not social economy drives socioeconomic development and promotes sustainable growth at a regional level. It was also needed to examine how to promote women participation and empowerment and improve gender equality in that process.

- Therefore, we started this research with an assumption that the vitalization of social economy at a community level is a significant prerequisite to achieving creative economy. Through this research, we theoretically justified on what grounds social economy becomes a driving force to vitalize creative economy. We also examined theories on the possibility that both creative and social economies contribute to projects designed to increase innovation capability and vitalization at a community level. Then, we discussed how each economy contributes to socioeconomic development and integration of local communities. Based on these theoretical discussion, we empirically measured the size and weight of social economy at a national level and identified the effects of social economy on employment growth and women's social and economic participation. Additionally, we selected specific communities and conducted a status survey to identify the scope of production and supply of goods and services and supply of social services being organized in a socioeconomic manner, not by a market price mechanism. In addition, we suggested ways to provide policy supports for social enterprises, community enterprises and cooperatives to transform into creative enterprises through convergence between creative industry and cultural and art resources in the community. We also identified what changes can occur in the quantity, quality and types of community jobs for women, built upon the vitalization of social economy. Then, taken all together, we made several policy recommendations for female job creation.

2. Theoretical discussion

- We analyzed previous researches on creative and social economies, and found that arguments that a precondition for creative economy is to vitalize social economy and create its ecosystem were persuasively made not only in researches which were critical of creative economy but also in some researches favorable to the effects of creative economy on the vitalization of local economy.
- Researches which are critical of creative economy points out that those who prepare and execute policies based on creative economy don't understand the collective nature of a creative process as well as the social and community base of creative economy, which is one of the reasons why inequality and poverty are not resolved with a drive for creative economy. In the other hand, recent studies have brought attention to the importance of social creativity as a concept applied to organizations, arguing that creativity or creative economy in the discussion up to date was considered a concept applied to individuals.
- Some critics claim that advocates of creative economy should seriously ask what type of organization including for-profit enterprises can motivate the creative class to promote more creativity, rather than taking for granted that the main stage of the creative class is a for-profit enterprise. More specifically, a detailed analysis should be conducted to determine which one,

among for-profit enterprise from the private sector, bureaucratic organization from the public sector and not-for-profit private organization from the third sector, can be more effective in promoting creativity.

- Creative economy is also under criticism because workers in the creative economy take disadvantages due to flexible work schedules and the way work is organized such as job insecurity and resultant uncertainty in current and future income, exclusion from social safety nets, exclusion from diverse employee welfare benefits, and exclusion from protection by labor unions, which are widespread in the creative economy. Critics point out that it is a big mistake to suggest a demand-driven, employability-focused policy based on training in an one-size-fits all way both for very few aristocratic creative workers and most of the workers in the creative economy which have become fragmented, disorganized, irregular or freelancers.

- Creativity is defined in the dictionary as ‘power to create something new’ or ‘power to combine or restructure existing one into new one.’ However, creativity is not necessarily confined to high-tech, cultural or artistic products. The category of creativity includes devising new ways to help the socially vulnerable and the economically poor. Creativity is also expanded to resolving social issues in areas such as public health, education, environment, poverty and social exclusion, not limited to economic issues. Boosting social innovation needs

vitalizing creative industry, which is possible when there exists a close relationship among all areas of the society including creative industry, the government, the academia and the third sector. The creative economy at a community level includes accepting and experimenting on new idea and approach in areas such as social exclusion, poverty, public health, and environment, not to mention promoting cultural, art and leisure areas. In that context, we make bold arguments as follows: vitalizing social economy is a precondition for achieving creative economy. Industrial policies on creative economy are not sustainable with no social economy. Therefore, we come into a conclusion that the growth of the creative class and the prosperity of creative economy are possible when robust social economy is preconditioned or at least accompanied. “In order to achieve robust creative economy in a city, region or nation, it should not be ignored that robust social economy plays a central role in achieving creative economy (Lyons, 2004: 4).” This perspective has already been internationally accepted. Many international organizations including the UN have stressed and promoted the importance and role of social economy not only in the advanced western countries but also in the rest of the world.

3. Importance of social economy and its impact on employment

- On such theoretical bases, we analyzed the importance of social economy and its impact on employment using empirical data including government public data, and confirmed the rapidly growing importance of three major social economy organizations (SEOs) - social enterprise, cooperatives and community enterprise.

- The number of certified social enterprises rose more than four times in one year after the certification system was introduced in 2007, and afterwards has increased at a growth rate ranging from 20% to 70%. This growth rate was more than 10 times than that of general establishments with more than one employee which is the target of the National Statistical Office's National Establishment Survey. As of January 2015, the number of cooperatives totaled 6,431 which combined 6,158 general cooperatives, 236 social cooperatives and 33 associations of general cooperatives, and two associations of social cooperatives. This number increased approximately 432% from 1,209 in May 2013 when the first status survey of cooperatives was conducted immediately after implementation of Framework Act on Cooperatives. The growth trend of community enterprises for four years from 2011 to 2014 is broke down into the number of enterprises and the amount of revenue. The number of community enterprises grew approximately 130% from 550 in 2011 to 1,249 in 2014, and the amount of revenue increased about 410% from KRW19.7 billion in 2011. Meanwhile, it was identified in the National

Establishment Survey that non-business corporations which are considered very similar to SEOs have grown fast at a much higher rate than that of total establishments.

- We also examined the status of organizational and institutional supports by the government to vitalize social economy with focus on the central government (Ministry of Strategy and Finance, Ministry of Employment and Labor, Ministry of Government Administration and Home Affairs) and 17 upper level governments. An integrated support system and a legal framework which encompass the central and local governments and all players of social economy have yet to be established. However, significant progress has been made in that direction. In particular, local governments have made more progress in establishing an integrated support system than the central government.

- At the same time, we estimated the effect of the growing SEOs on employment using government public data and data from the National Establishment Survey and Regional Employment Survey. It was confirmed that the number of persons employed by social and community enterprises grew rapidly at a faster rate than the total number of persons employed. The number of persons employed by non-business corporations also recorded sustainable growth at a higher rate than that of the total number of persons employed. In addition, we analyzed a relationship between the rate of female labor force participation and the ratio of SEOs in 115 administrative divisions. As a result, it was revealed that the rate of labor force participation

was higher in administrative divisions with the higher ratio of SEOs. In particular, the higher positive relationship exists between the rate of female labour force participation and the ratio of SEOs, implying that the vitalization of social economy has a positive impact on total employment and female employment.

4. Status of social economy in communities: surveys of residents and SEOs

- Social economy is always based on communities. Therefore, for this research, we selected four administrative divisions – Mapo-gu (district) in Seoul special city, Wonju-si and Chuncheon-si (city) in Gangwon-do (province) and Asan-si (city) in Chungcheongnam-do (Province) and conducted a sample survey of residents and a full survey of SEOs in each division with an aim to identify the status and characteristics of social economy in those divisions.

- The results of the resident survey showed that social economy and SEOs were no less recognized than expected even though it somewhat varied depending on administrative divisions. However, the ratio of residents who actually used the product or service of SEOs and did work or volunteer work at SEOs was much lower than expected. In the other hand, a quite large number of residents had intention to use the product or service of SEOs and positively considered SEOs a place worth working. In addition, respondents were not satisfied with services provided in the local market, and generally believed that there were not many desirable social services in the community. Additionally, they had a common understanding that it was desirable that social services necessary for resolving social issues be provided by public organizations, not by private profit enterprises. Especially, a large number of respondents answered that it was most desirable for SEOs to provide social services. Furthermore, women were more aware of social economy and

SEOs, used their products and services more frequently, and felt more positive in working at SEOs as compared to men.

- We also performed a full survey of SEOs located in the four administrative divisions. Because of low response rate of about 50%, it was not possible to make significant estimation for each division as intended. Nevertheless, major findings from the status survey of SEOs, especially from the perspective of female employment and gender equality are summarized as follows:

- First of all, it is worth noting the relevance of projects that SEOs conducted to social missions. Among organizations with a social mission to create jobs for the socially vulnerable, 77.2% of the SEOs targeted the vulnerable female, however, this number was higher at non-social organizations as compared to social organizations (83.3% vs 60%), implying a need to encourage social organizations to conduct job creation projects for the vulnerable female. When asked whether to include projects aimed at improving the status and human rights of women, more non-social enterprises responded “Yes“ than social enterprises (18.2% vs 28.3%) which implies that few organizations with women empowerment projects were certified social enterprises. In addition, the ratio of female employees to total new employees was higher at non-social enterprises (72%) than social enterprises (61.5%). It means that it is necessary to encourage social enterprises to be more effective in providing jobs to the vulnerable female and the general female.

- There was no difference in the ratio of paid employees based on the gender of representatives, however, the surveyed SEOs with 100% regular employees were more female-owned than male-owned (60.4% vs 71.4%), suggesting that female-owned SEOs showed higher job security. When it comes to employee welfares including support for work and family balance, other things being equal, the SEOs offered lower employee welfares than general establishments. However, flex-time work and at-home work systems which were not common to general establishments were adopted by 42% and 24.5% of the SEOs respectively. Unlike general establishments, the SEOs showed a low rate of implementation of maternity protection programs, however a high rate of implementation of flexible work programs. Among the surveyed organizations with 100% paid employees, 81.2% of them provided employment insurance to all employees. This rate was higher than that of the surveyed organizations which covered all employees under the national pension program. In particular, the organizations that held employment insurance for all employees were more female-owned than male-owned (85.7% vs 79.2%). When compared to general establishments, the SEOs had shorter average work hours per week regardless of type of employment or work system so that they provided a better work environment to maintain a work and family balance. For the past one year, the number of persons newly employed by the SEOs was 4.9 persons on average per organization, and out of them, 3.2 persons were female. Female employees accounted for 65.3% of total new employees, implying that SEOs had very high female employability.

In particular, the ratio of female employees to total new employees hired by female-owned organizations was 72.5% which was approximately 10% higher than that of male-owned organizations.

- Female-owned organizations had a partnership with organizations of all forms more than male-owned organizations. For example, 82.1% of the female-headed organizations had a cooperative relationship with associations of SEOs which was higher than 71.2% of the male-headed organizations. It was also true for organizations in partnership with the public sector with 71.4 % of the female-headed organizations and 68.3% of the male-headed organizations. The same results were shown for a cooperative relationship with other forms of organization. In addition, the female-headed organizations had much more volunteer workers (4 vs 12.2 persons) and gift donors (0.9 vs 2.3 persons) than the male-headed organizations. It implies that a prevalent belief that establishments with a female representative are at a disadvantage in networking doesn't necessarily work for SEOs.

- Financing difficulty was cited by the SEOs surveyed as the most challenging part of establishment that they experienced (64.4%) which was followed by market survey & sales channel exploration (40.6%) and lack of professional workforce (39.6%). In addition, 77.2% of the SEOs responded that marketing and sales channel exploration was the most significant area for improvement which was followed by accounting and financing (44.6%), expertise and R&D (31.7%). However, the surveyed

social enterprises cited expertise and R&D as the second most significant area for improvement which accounted for 42.1% of the total social enterprises surveyed.

- The gender of representatives didn't make any difference in receiving government support for labor cost, however, the ratio of female-led organizations not eligible for tax incentives was much higher than that of male-led organizations. It was also true in the professional workforce recruitment support project. The female-led organizations received more financial support for project and technology development than the male-led organizations. This is an encouraging outcome when compared with support projects for general establishments where female-led organizations received less financial support for project and technology development than male-led organizations. As for loan projects for operating or facility cost, the more the organizations had paid workers or capital stock, the more the organizations received support, and the female-led organizations received more support than the male-led organizations. Even though it was shown in some government support projects that the number of female-led organizations not eligible for government support was larger than that of the male-led organizations, once qualified, there were no big difference in receiving government support between female- and male-led organizations.

5. Major policy recommendations

- We made policy recommendations mainly for two purposes: to vitalize social economy and increase innovation capability and to create women's jobs through social economy. Policy recommendations for social economy vitalization are as follows: after examining support policies and systems that the aforementioned three government ministries implemented for social enterprises, community enterprises and cooperatives, firstly we found a need for improvement in administrative infrastructure for government support because no system was put in place to oversee and coordinate SEOs which resulted in the redundancy and inefficiency of government policies. Secondly, it is necessary to improve the financial support system and the financial market targeting SEOs because they are not likely to work properly. Thirdly, it is needed to cultivate SEO leaders who have an innovative mindset and a strong belief in social values and are capable of resolving social issues and creating a sustainable profit model so as to run a business on their own.

- As for infrastructure for government administrative support, it is important to improve the roles and delivery system of central government bodies based on a clear understanding of what the central government should do or not do to vitalize social economy. In addition it is necessary to improve the delivery system of social economy related organizations of local governments at levels of district, county, city and province based on a decision as to whether to create an organization dedicated to managing

SEOs of all types or to use existing organizations to manage SEOs depending on their types or functions with a separate coordinating organization in place. Furthermore intermediate support organizations currently installed only at a metropolitan city level or higher need to be expanded further to administrative divisions at lower levels.

- When it comes to innovation capability of SEOs, it is important to build up a partnership between SEOs and universities & research institutes, given the fact that they are the source of innovation. The government has strived to strengthen the partnership and network of SEOs in several ways. Considering the results of the status survey that the percentage of the surveyed organizations in partnership with universities and research institutes was smaller as compared to ones in partnership with other forms of organizations, it is required to develop a special program to facilitate a partnership between SEOs and universities & research institutes. In particular, SEOs in the creative sector carry out less innovation activities as compared to those in the non-creative sector, therefore it is recommended to strengthen training and supports so as to develop innovative profit models for SEOs in the cultural and art sector.

- Give the fact that most of SEOs fail to get qualified for a loan from financial institutes due to low credit ratings, it is significant to restructure financial systems, thereby establishing a financial market system for startup, operation and growth of SEOs. More specifically, it is recommended to expand micro-credit

projects and introduce a social collateral system.

- Lastly, we recommend to strengthen training programs to cultivate social entrepreneurs. It is essential to promote social entrepreneurship in order to vitalize social economy. To that end, it is needed to establish a system to cultivate and reward social entrepreneurs. With regard to that, we can refer to Ontario's Social Enterprise Strategy in Canada. In addition, there is a need to provide training for youth to promote social entrepreneurship. At that time, attentions need to be paid to stay alert against gender discrimination and stereotypes and to ensure that women are not excluded from social entrepreneur cultivation programs.

- Policy recommendations for female job creation are made as follows: females have more demands for projects and services of SEOs and considered jobs in SEOs more positive. Additionally, SEOs with a female representative employ more females and provide an employment environment more favorable to females. Therefore, vitalizing social economy leads to creating jobs for women who face many obstacles and discrimination in the private job market, thereby contributing to promoting the economic and social participation of women and improving gender equality. On that ground, support services customized to startup and employment are further needed, together with support for creative economy vitalization, so as to allow more females as a CEO or worker to work in the social economic sector. More specifically, it is recommended to run socioeconomic

type New Job Centers for Women.

- As part of a national project, the Korean government, especially Ministry of Gender Equality and Family runs New Job Centers for Women to help career-interrupted women find a job. Currently, there is an ongoing project to add New Job Centers for Women which will serve to fulfill specific missions such as career development and agricultural & fishery job creation. As proven in this research, SEOs offer jobs very favorable to women due to flexible work hours and the self-control nature of work process. SEOs also make contribution to local communities by reducing risk and difficulty involving one-person or small capital enterprises and by resolving social issues. Therefore, it is worth for women to create and run a SEO. Accordingly, it is recommended to customize some exiting New Job Centers for Women to the purpose of establishment of SEO and cultivation of female social entrepreneurs. Furthermore, a synergy effect will be created when the customized centers collaborate with SEOs that conduct training projects for same purposes (e.g. social cooperatives). It is also recommended to help some existing New Job Centers for Women provide training and startup services or cultivate professional workforce (e.g. career designer) so as to support career interrupted women in restarting their career in the social economic sector. For example, New Job Center for Women in southern Seoul in consortium with one cooperatives runs training programs designed to cultivate professional career designers who will then support startup and career development in the social economic sector and to help



career interrupted women develop a profit model which will work well both for establishing new business and realizing social values in the social economic sector. It is very important to support such a joint project as a pilot project during a certain period of time so as to establish and proliferate business models to help female workforce in the social economic sector.