

6/2/2022 <Asian Civil Society> Workshop
the Civil Society Program of Seoul National University Asia Center

Social Capital and Management Philosophy of Social Enterprises in Japan and Korea

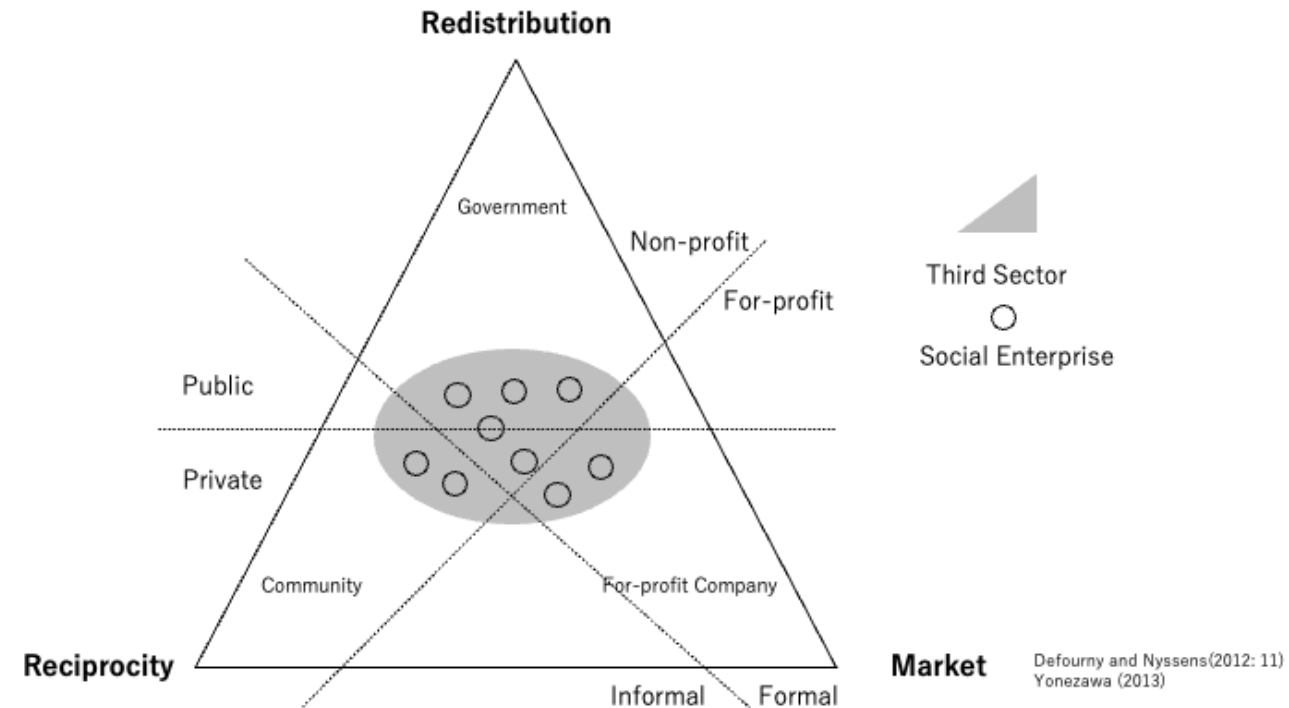
Yasutaka Fukui, Nagoya University
fukui.yasutaka.p5@f.mail.Nagoya-u.ac.jp

Research Objectives

- The distribution of social capital mobilized by social entrepreneurs in Japan and Korea is clarified from the standpoint of a new economic sociology that emphasizes "weak embeddedness".
- Aiming to show that an empirical approach to social capital is useful for capturing the hybrid nature of social enterprises, and to highlight the characteristics of social enterprises in Japan and Korea.

Research Background

- The EMES Network (European Network for the Study of Social Enterprises) approach to social enterprises
 - Locating social enterprises in the mediating realm of Karl Polanyi's three resource allocation principles - exchange (market), redistribution (government), and reciprocity (community) (Evers and Laville 2004=2007)
 - Conceptualizing social enterprises as entities that solve social problems by mobilizing mixed (hybrid) resources based on multifaceted objectives.



Research Background

- The EMES network approach privileges only community as a domain embedded in social relations and considers markets to be composed of under-socialized actors (Evers and Laville 2004=2007)
 - Embeddedness : Economic actions and economic outcomes are influenced by social relations, culture, politics, and cognitive frameworks (Zukin and DiMaggio 1990)
- ✓ However, understanding the social relationships, interactions, and resource mobilization that social enterprises establish with actors outside the community is one of the most promising approaches to empirically elucidate the hybrid nature of social enterprises and their interactions across domains.
- ✓ These understandings of economy and society rely on a "weak embeddedness" perspective proposed by Mark Granovetter.

Two “Embeddedness”

- K. Polanyi's substantive “Embeddedness”

- Assuming a functional differentiation from non-market societies, where economic activity depended on social relations and natural environment, to market societies (modern societies)

- M. Granovetter’s “Weak Embeddedness”
(Granovetter 1985)

- Assuming that the level of “embeddedness” is not as strong as substantivism assumes, but stronger than economics formalism assumes, and that it did not change much before and after modernization.
- The pursuit of economic goals entails not only economic motives but also non-economic motives such as sociability, approval, status, and power, and economic actions are socially positioned as well as individually motivated. (Granovetter 1992)
- By taking a “weak embeddedness” perspective, the concept of “embeddedness” can be applied to contemporary markets, allowing for an analysis of the relationship between economic actions and social relations, as well as the functions that institutions play in markets.

Social Enterprise and Social Capital

- The concept of social capital has been pointed out as effective in capturing the multi-stakeholder structure and mixed resource structure of social enterprises. (Evers 2001=2004; Laville and Nyssens 2001=2004)
 - The insight that the resources of social enterprises also consist of non-monetary resources other than donations (economic resources) and volunteers (human resources).
- However, there are few empirical attempts to explore the social networks and social capital that social enterprises are building with the various sector.
- The reason for the lack of empirical studies seems to be that social capital is grasped as "non-governmental and non-market resources" and "civic resources," i.e., truncated to community resources.
 - In fact, social enterprises should be building cooperative relationships with the market sector, government sector, academic sector, etc.
 - The central issue of this presentation is to make an international comparison of social enterprises in Japan and Korea in terms of which sectors they mobilize resources from.

Data

- Japan
 - Data a questionnaire survey administered to entrepreneurship support groups in Aichi and Tokyo in 2020 and 21.
 - The Aichi survey targets graduates of the Tokai Young Entrepreneurship Seminar, with 46 survey requests and 23 valid responses. The Tokyo survey targets graduates of ETIC's "Entrepreneurial raining for Innovative Communities" program, with 118 survey requests and 40 valid responses.
 - <https://www.etic.or.jp/english/index.html>
 - <https://www.tokai-entre.jp>
- Korea
 - Use data from the 2021 Survey of Social Enterprise Resource Exchange and Networks, conducted by the Center for Social Value Enhancement Studies for companies participating in the Social Performance Incentive.
 - The number of requests for survey cooperation is unknown, but there were 186 valid responses.
 - <https://www.cses.re.kr/eng>
- In this presentation, we use questions that asked about the social networks and social capital of social entrepreneurs in the resource generator and questions that asked about their management philosophy.

Questionnaire of Resource Generator(Korean Survey)

다음으로 귀하의 사업과 관련하여 상담이나 지원해주는 외부의 단체와 사람에 대하여 질문하겠습니다

문11. 귀하는 아래에 제시된 사업과 관련된 내용에 대하여, 귀하에게 상담을 해주거나 지원을 해줄 수 있는 외부단체나 사람이 있습니까? 있다면, 아래에 열거된 단체나 사람 중 해당되는 곳 모두 선택해주시요.

사업과 관련된 내용	외부의 단체와 사람											
	사회적 기업가 및 임직원	사회적 기업 지원 단체	시민 단체의 임직원 및 활동가	민간기업 경영자 및 임직원	금융 기관 담당자	지역 관련 단체 (주민/ 소상공인/ 자영업 등)	정부 기관 공무원	정치인	교수, 연구원 (대학 및 연구 기관 소속)	가족 및 친척	그 외	아무도 없음
1) 사업 아이디어를 생각할 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
2) 상품·서비스의 질을 개선하고 싶을 때 (홈페이지의 개선 포함) →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
3) 용자 및 투자에 대해 상담하고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
4) 정부 지원금, 보조금 등 자금지원에 대해 상담하고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
5) 인재 육성이나 직장 환경에 대해 상담하고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
6) 사업성과를 평가받고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
7) 제도나 사회 관련 정보를 알고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
8) 로비 활동을 할 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
9) 사업을 많은 사람들에게 알리고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
10) 예측하지 못한 사태에 대한 대응이 요구될 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
위의 1)~10)에 대해 자세히 아는 사람을 소개 받고 싶을 때 →	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫

11 network members, 11 resources (consultations)

Questionnaire of Resource Generator(Japanese Survey)

問11. 以下にあげた事柄がおこったとき、あなたには相談したり支援を受けたりできる次のような人が団体外にいますか。(あてはまる番号すべてに○)

	ボランティア団体・市民運動団体の役員	ＥＴＩＣ．に参加していない（いなかった）事業分野が異なる社会的起業家	ＥＴＩＣ．に参加していない（いなかった）事業分野が同じ社会的起業家	ＥＴＩＣ．のアドバイザー・メンター・職員	ＥＴＩＣ．に参加している（していた）事業分野が異なる社会的起業家	ＥＴＩＣ．に参加している（していた）事業分野が同じ社会的起業家	ポランテア団体・市民運動団体の役員	誰にも相談せずに解決した・その事柄がおこったことがない（非該当）	ひとりもない	その他の人	家族・親族	研究者・大学教授	国会議員	地方議会議員	中央官庁（省庁）の部課長以上の役職者	地方自治体の部課長以上の役職者	町内会・自治会のメンバー	同業組合・商工会議所のメンバー	金融機関の担当者	大企業（三〇〇人以上）の経営者・役員	ベンチャー・中小企業（三〇〇人未満）の経営者・役員
ア. 事業アイデアを考えるととき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
イ. ミッションやビジョンを見直すとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
ウ. 商品・サービスの質を改善したいとき （ウェブサイトの改善を含む）・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
エ. 融資・投資について相談したいとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
オ. 補助金・助成金について相談したいとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
カ. 人材育成や職場環境について相談したいとき・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
キ. 事業の評価方法を知りたいとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
ク. 制度や社会課題の情報を知りたいとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
ケ. ロビー活動を行うとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
コ. 事業を多くの人に知ってもらいたいとき・・・・・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
サ. 不測の事態への対応をせまられているとき・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	
シ. ア～サにくだしい人を紹介してもらいたいとき・・・・→	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	19	20	21	22	

18 network members, 12 resources (consultations)

Sector Classification

Sector	Japan	Korea
Social Sector	Social entrepreneurs in the same business field who are (or were) participating in intermediate support organizations (ETIC., Tokai Young Entrepreneurship Seminar)	Social entrepreneurs and executives of social enterprises
	Social entrepreneurs in different business fields who are (or were) participating in intermediate support organizations (ETIC., Tokai Young Entrepreneurship Seminar)	
	Social entrepreneurs in the same business field who are not (were not) participating in intermediate support organizations (ETIC., Tokai Young Entrepreneurship Seminar)	
	Social entrepreneurs in different business fields who are not (were not) participating in intermediate support organizations (ETIC., Tokai Young Entrepreneurship Seminar)	
	Advisors, mentors, and staff of intermediate support organizations (ETIC., Tokai Young Entrepreneurship Seminar)	Intermediate support organizations
	Board member of a volunteer organization or civic movement organization	Executives of civic organizations and activists
Market Sector	Managers and executives of venture companies and small and medium-sized enterprises (less than 300 employees)	Managers and executives of private companies
	Managers and executives of large companies (300 or more employees)	
	Financial institution staff	Financial institution staff
Regional Sector	Members of trade associations, chambers of commerce, neighborhood associations, and community associations	Community related organizations (residents, small business people, self-employed, etc.)
Administrative Sector	Department heads and above in local government, department heads and above in central government (ministries and agencies)	government official
Political Sector	Members of local councils, Diet members	politician
Academic Sector	scholars, university teachers	Professor, Researcher (affiliated with universities and research institutes)
Family and Relatives	Family and Relatives	Family and Relatives
Other	Others	Others
No one	No one	No one
Solved all on my own	Resolved without consulting anyone or the matter has never occurred (not applicable)	

Measurement

- Total Number of Resources
 - This index is the sum of 11 consultations (resources) from 8 sectors, giving 1 point if consultation/support is received and 0 points if it is not.
 - Consultations (11 items) x sectors (8 items)
 - Minimum value 0, Maximum value 88
 - This indicator does not capture only the expansion of social networks, as it increases with the number of consultations
- Total Number of Sectors
 - This index refers to the Number of consultation sources (sectors)
 - Sectors with even one consultation among the 11 consultations were given a score of 1, and sectors with none were given a score of 0. And the total number of sectors was calculated for each respondent.
 - Minimum value 0, Maximum value 8
- Number of Resources by Sector
 - This indicator shows how much consultation is available from each sector.
 - Minimum value 0, Maximum value 11
 - Averaging the number of resources for each sector.
- Number of Sectors by Consultation
 - This indicator shows how many sectors there are for each consultation.
 - Minimum value 0, Maximum value 8
 - Averaging the number of sectors for each consultation.

Questionnaire of Management Philosophy(Korean Survey)

문10. 다음 문항에서는 사업활동이나 사회적 가치 창출에 대한 두 가지 생각입니다. 귀하의 생각은 아래에 제시된 A와 B 중 어느 쪽에 더 가까우십니까?

	A	A에 가까움	굳이 말하면 A에 가까움	굳이 말하면 B에 가까움	B에 가까움	B
1)	A: 혁신적인 방법이나 수단을 사용하고 싶다	①	②	③	④	B: 이미 존재하는 방법이나 수단을 사용하고 싶다
2)	A: 활동의 지리적 범위를 확대하고 싶다	①	②	③	④	B: 현재 지역에 속한 형태로 활동하고 싶다
3)	A: 수치화/계량화 할 수 있는 지표를 중시한다	①	②	③	④	B: 수치화/계량화 할 수 없는 지표를 중시한다
4)	A: 의사 결정에 있어 구성원의 의견을 중시한다	①	②	③	④	B: 의사 결정에 있어 리더의 의견을 중시한다
5)	A: 로비 활동 등의 방법을 이용하여 정부에 컨택한다	①	②	③	④	B: 문제해결을 위하여 로비 활동 등의 방법은 사용하지 않는다
6)	A: 사업 활동에 관하여 정부지원금이나 보조금을 적극적으로 활용한다	①	②	③	④	B: 사업 활동에 관하여 정부지원금이나 보조금은 가급적 활용하지 않는다

Questionnaire of Management Philosophy(Japanese Survey)

問10. 団体の事業活動や社会的価値の創出に関して、あなたはどのようなお考えをお持ちですか。それぞれの項目について、あなたのお考えに近い番号を1つ選んでください。

		Aに近い	どちらかといえばAに近い	どちらかといえばBに近い	Bに近い	
ア.	A 革新的な方法や手段を用いたい。	1	2	3	4	B すでにある方法や手段を用いたい
イ.	A 活動の地理的範囲を拡大したい	1	2	3	4	B 地域に寄り添った形で活動したい
ウ.	A 数値化できる指標を重視する	1	2	3	4	B 数値化できない指標を重視する
エ.	A 意思決定の際にスタッフの意見を重視する	1	2	3	4	B 意思決定の際にリーダーシップを重視する
オ.	A ロビイングなどの手法を用いて政府に働きかける。	1	2	3	4	B 問題解決のためにロビイングなどの手法は用いない。
カ.	A 事業活動に関して行政からの補助金や助成金を積極的に活用する。	1	2	3	4	B 事業活動に関して行政からの補助金や助成金はできるだけ用いない。

Distribution of Social Capital

Total number of resources

		N	Mean	S.D.
Japan	Total	63	21.4	13.7
	More than 30 people	17	25.0	13.4
	Less than 30 people	46	20.1	13.8
Korea	Total	186	19.8	9.7
	More than 30 people	53	20.2	8.2
	Less than 30 people	133	19.6	10.3

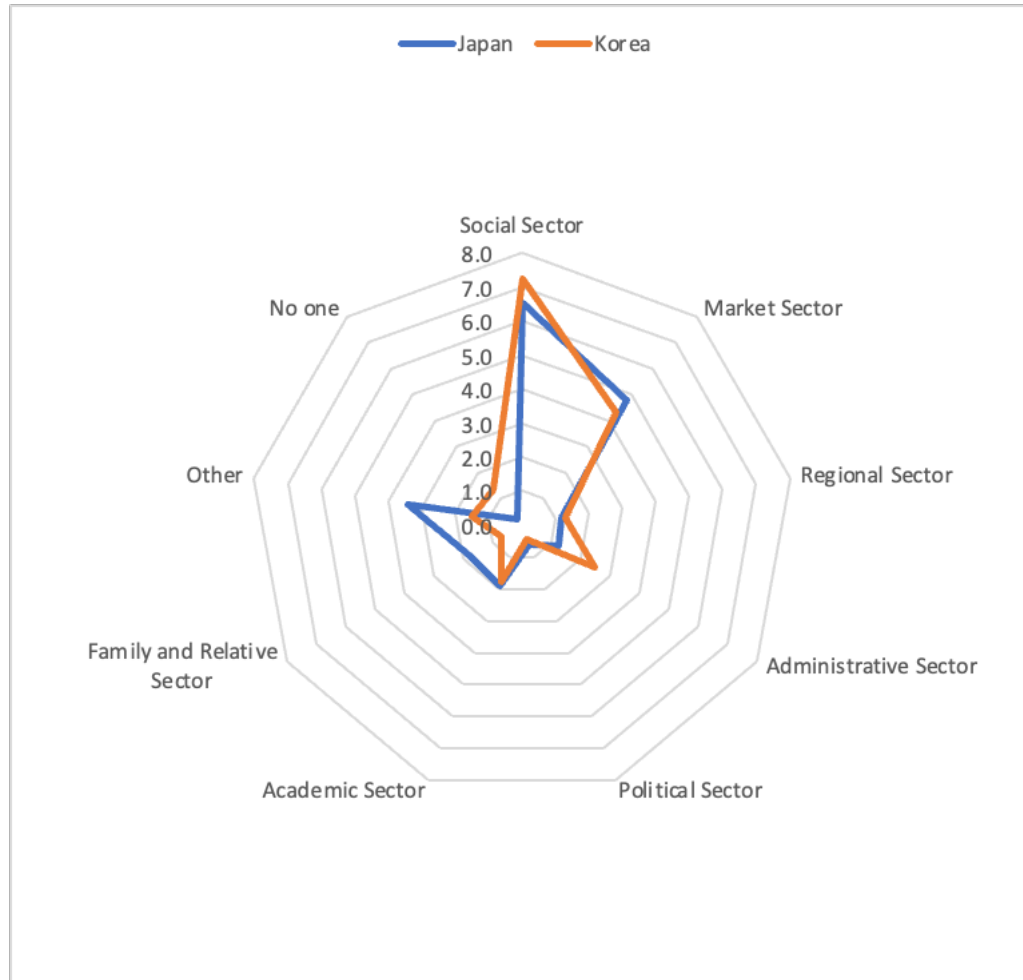
On average, Japan (21.4) and Korea (19.8) have similar numbers of total resources, but when broken down by organization size, Japanese social enterprises, unlike Korean counterparts, tend to have more total resources the larger the number of employees.

Total number of sectors

		N	Mean	S.D.
Japan	Total	63	4.25	1.71
	More than 30 people	17	4.76	1.79
	Less than 30 people	46	4.07	1.67
Korea	Total	186	4.18	1.67
	More than 30 people	53	4.30	1.59
	Less than 30 people	133	4.14	1.70

On average, Japan (4.25) and Korea (4.18) have similar numbers of total sectors, but when broken down by organization size, Japanese social enterprises, unlike Korean counterparts, tend to have more total number of sectors in organizations with more employees.

Number of Resources by Sector



Both Japanese and Korean social enterprises derive much of their resources from the social and market sectors.

Japan is characterized by a relatively high level of resource provision by the market sector and the family and kinship sector, while Korea is characterized by a relatively high level of resource provision by the government sector.

	Social Sector	Market Sector	Regional Sector	Administrative Sector	Political Sector	Academic Sector	Family and Relative Sector	Other	No one
Japan	6.5	4.8	1.2	1.3	0.6	1.9	1.8	3.4	0.2
Korea	7.3	4.3	1.3	2.5	0.4	1.8	0.7	1.5	1.3

Number of Resources by Sector

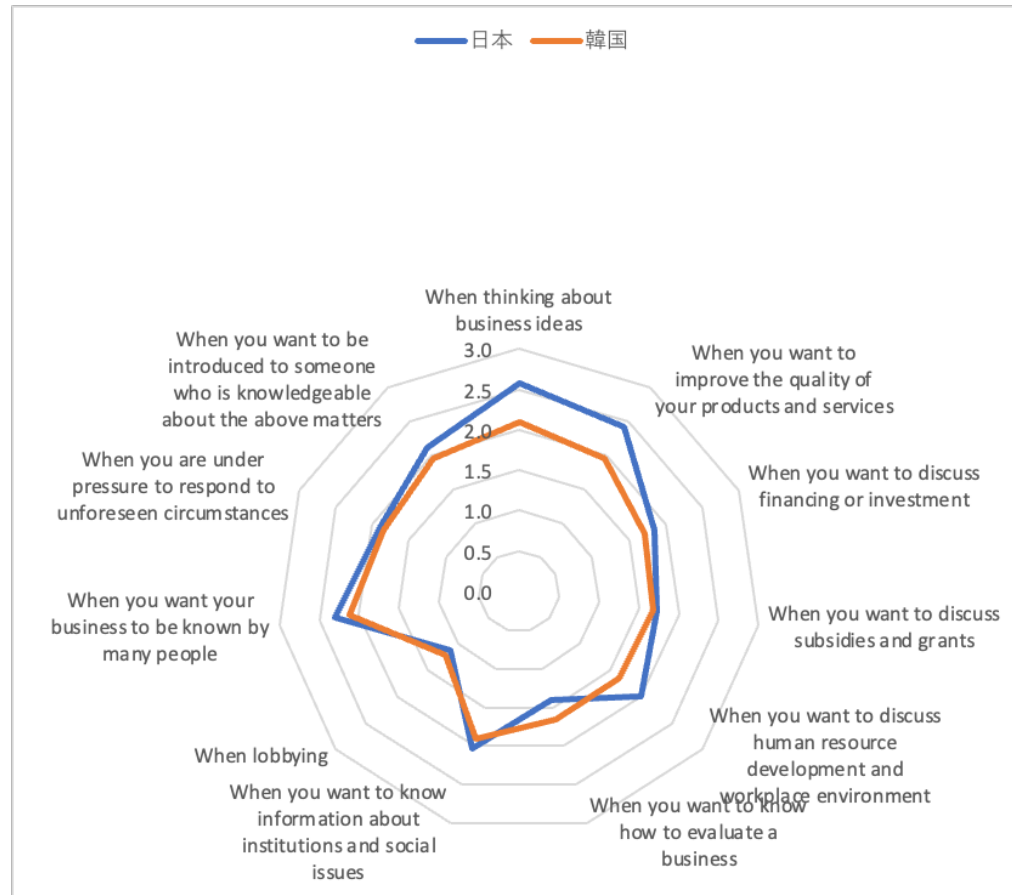
		Social Sector	Market Sector	Regional Sector	Administrative Sector	Political Sector	Academic Sector	Family and Relative Sector	Other	No one
Japan	Total	6.5	4.8	1.2	1.3	0.6	1.9	1.8	3.4	0.2
	More than 30 people	6.7	5.6	0.6	1.7	1.2	2.7	1.2	5.2	0.0
	Less than 30 people	6.5	4.5	1.4	1.1	0.4	1.6	2.0	2.7	0.3
Korea	Total	7.3	4.3	1.3	2.5	0.4	1.8	0.7	1.5	1.3
	More than 30 people	7.2	4.4	1.0	2.5	0.5	2.2	0.5	1.9	1.3
	Less than 30 people	7.3	4.3	1.4	2.4	0.4	1.6	0.8	1.3	1.3

A closer look at the characteristics of Japanese social enterprises by size of organization shows that the market sector provides more resources to larger organizations, while the family and relatives sector provides more resources to smaller organizations. Smaller organizations are also more likely to have resources provided by the regional sector.

Regarding the provision of resources from the government, which is a characteristic of Korea, there is no difference by the size of the organization.

However, a closer examination of the detailed classification shows that resources provided by the government sector are mostly provided to medium-sized organizations with 10-99 employees, while micro and large organizations receive fewer resources from the government

Number of Sectors by Consultation



Similar distribution pattern in Japan and Korea.

Korea has a slightly larger number of sectors for consultation regarding business evaluation.

Japanese social enterprises have a slightly larger number of sectors to consult than their Korean counterparts in terms of business ideas, quality of products and services, human resource development, and work environment.

	When thinking about business ideas	When you want to improve the quality of your products and	When you want to discuss financing or investment	When you want to discuss subsidies and grants	When you want to discuss human resource development and workplace environment	When you want to know how to evaluate a business	When you want to know information about institutions and social issues	When lobbying	When you want your business to be known by many people	When you are under pressure to respond to unforeseen circumstances	When you want to be introduced to someone who is knowledgeable about the above matters
Japan	2.6	2.4	1.8	1.7	2.0	1.4	2.0	1.1	2.3	1.9	2.1
Korea	2.1	2.0	1.7	1.7	1.6	1.7	1.9	1.2	2.1	1.8	2.0

Number of Sectors by Consultation

		事業アイデア	商品・サービスの質	融資・投資	補助金・助成金	人材育成・職場環境	事業評価	制度・社会課題	ロビー活動	アウトリーチ	不測の事態	紹介
日本	全体	2.6	2.4	1.8	1.7	2.0	1.4	2.0	1.1	2.3	1.9	2.1
	30人以上	2.8	2.9	1.8	1.8	2.2	1.6	2.5	1.4	2.9	2.4	2.8
	30人未満	2.5	2.2	1.8	1.7	1.9	1.3	1.9	1.0	2.1	1.7	1.9
韓国	全体	2.1	2.0	1.7	1.7	1.6	1.7	1.9	1.2	2.1	1.8	2.0
	30人以上	2.1	1.9	1.7	1.8	1.7	1.8	1.9	1.1	2.2	1.9	2.2
	30人未満	2.1	2.0	1.7	1.6	1.6	1.6	1.9	1.2	2.1	1.8	1.9

In Japan, social enterprises with a large number of employees tend to have more sectors available for consultation, while this is not the case for Korean social enterprises.

Management Philosophy of Social Enterprises

Ideas regarding business activities and social value creation

		Oriented toward innovative methods	Oriented toward scale-up	Emphasis on quantification indicators	valuing the opinions of organization members	Lobbying the government	Using grants and subsidies
Total	Japan	76%	66%	48%	43%	30%	57%
	Korea	86%	85%	81%	82%	25%	76%
More than 30 people	Japan	76%	56%	53%	53%	35%	76%
	Korea	92%	83%	83%	81%	15%	77%
Less than 30 people	Japan	76%	70%	46%	39%	28%	50%
	Korea	83%	86%	80%	82%	29%	75%

Ideas regarding business activities and social value creation

- Korean social enterprises have more positive ideas than Japanese social enterprises
 - Japan shows higher percentage than Korea only for lobbying activities.
- ✓ In terms of lobbying, Korean organizations with more than 30 members are reluctant, while Japanese organizations with more than 30 members are active; for organizations with less than 30 members, there is no difference between Japan and Korea.
- ✓ Regarding the use of subsidies, Korean social enterprises are active regardless of the size of the organization, while in Japan, the larger the organization, the more active it is.

Concluding Remarks

Total number of resources and sectors

- The number of resources and the number of sectors that Japanese and Korean social enterprises have access to are roughly equal.
- One of the differences between Japan and Korea is that Japanese enterprise tends to have more resources and sectors as the organization grows.

Number of Resources by Sector and Number of Sectors by Consultation

- Japan and Korea have in common that the sectors acquiring the most resources are the social sector and the market sector.
- One difference between Japan and Korea is that in Korea, more resources are provided by the government than in Japan, and in Japan, smaller organizations are more likely to receive resources from the community (family and relatives, regional sector), while larger organizations consult more with the market sector and the government sector, but such differences in organization size are not seen in Korea.

Management Philosophy

- Korean enterprises have a more proactive approach to business activities and social value creation.
- Korean social enterprises are more receptive to European social enterprise ideas, emphasizing innovative methods, quantified indicators, and democratic governance.
- Scale-up and lobbying are noteworthy when we compared larger organizations in Japan to counterparts in Korea. Japanese social entrepreneurs may be behaving more like policy entrepreneurs who seek to exert influence through sub-political (lobbying) circuits rather than by scaling their businesses. In contrast, Korean Enterprises may believe that they can transform society by growing their businesses.