

# Shared Development & Corporate Social Responsibility : Korean Case of Collaborative Entrepreneurship

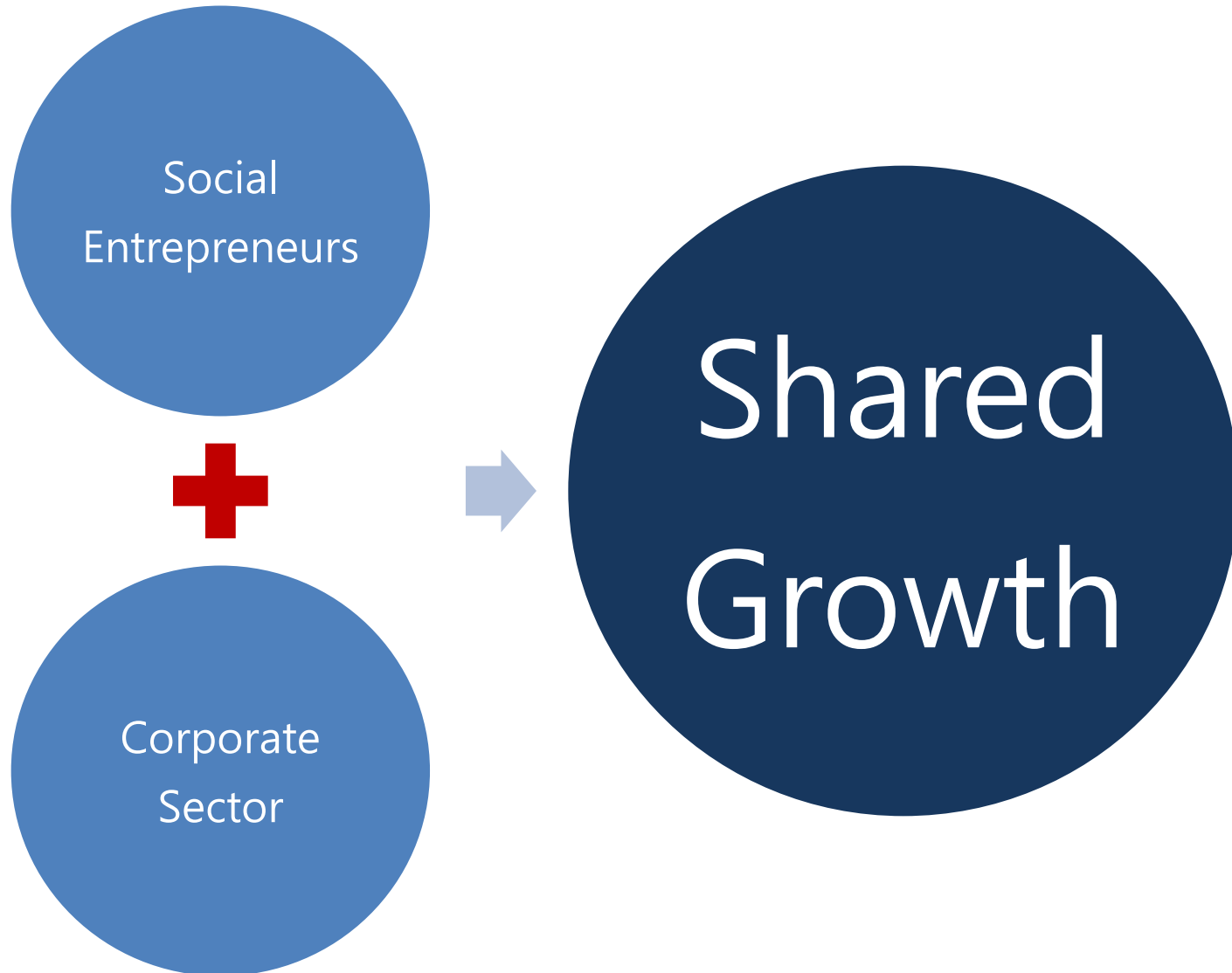
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*Emeritus Research Fellow,  
Korea Development Institute*

## Growing Dissatisfaction against the Current System



# Communal Capitalism : Path to the Shared Growth



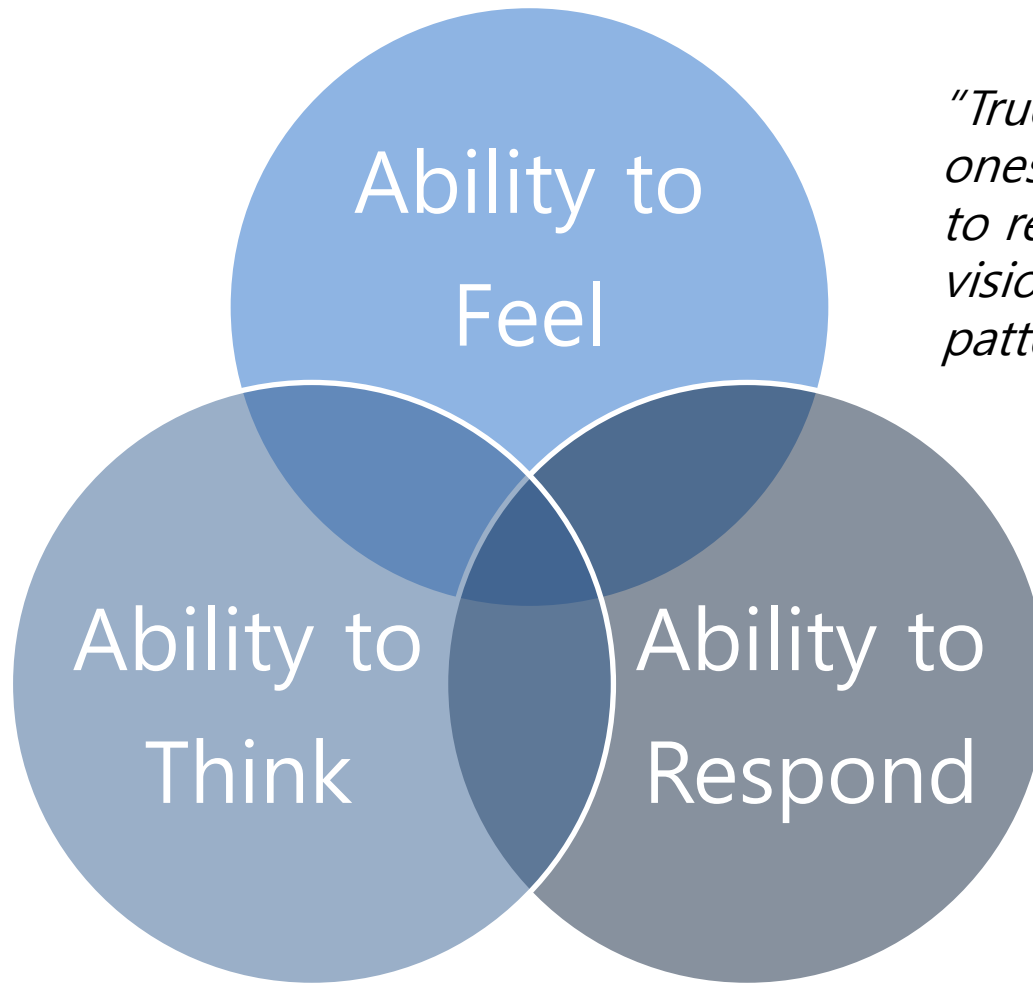
# Who are the Social Entrepreneurs?

Empathy

Entrepreneurship

“Everyone a  
Change-maker”  
*(Bill Drayton)*

## How does Empathy work?



*"True social entrepreneur is the ones who simply cannot come to rest in life until his or her vision has become the new pattern that changes the world."*

## Social Entrepreneurs : In History



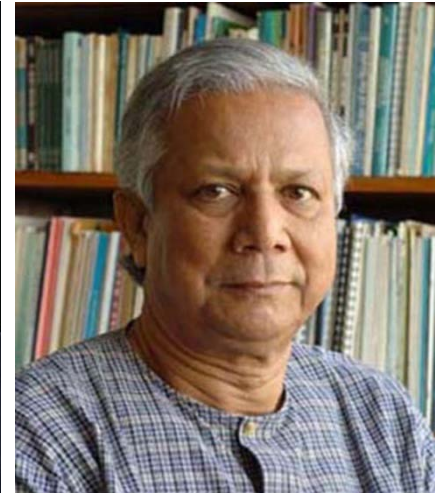
Florence Nightingale



William Wilberforce



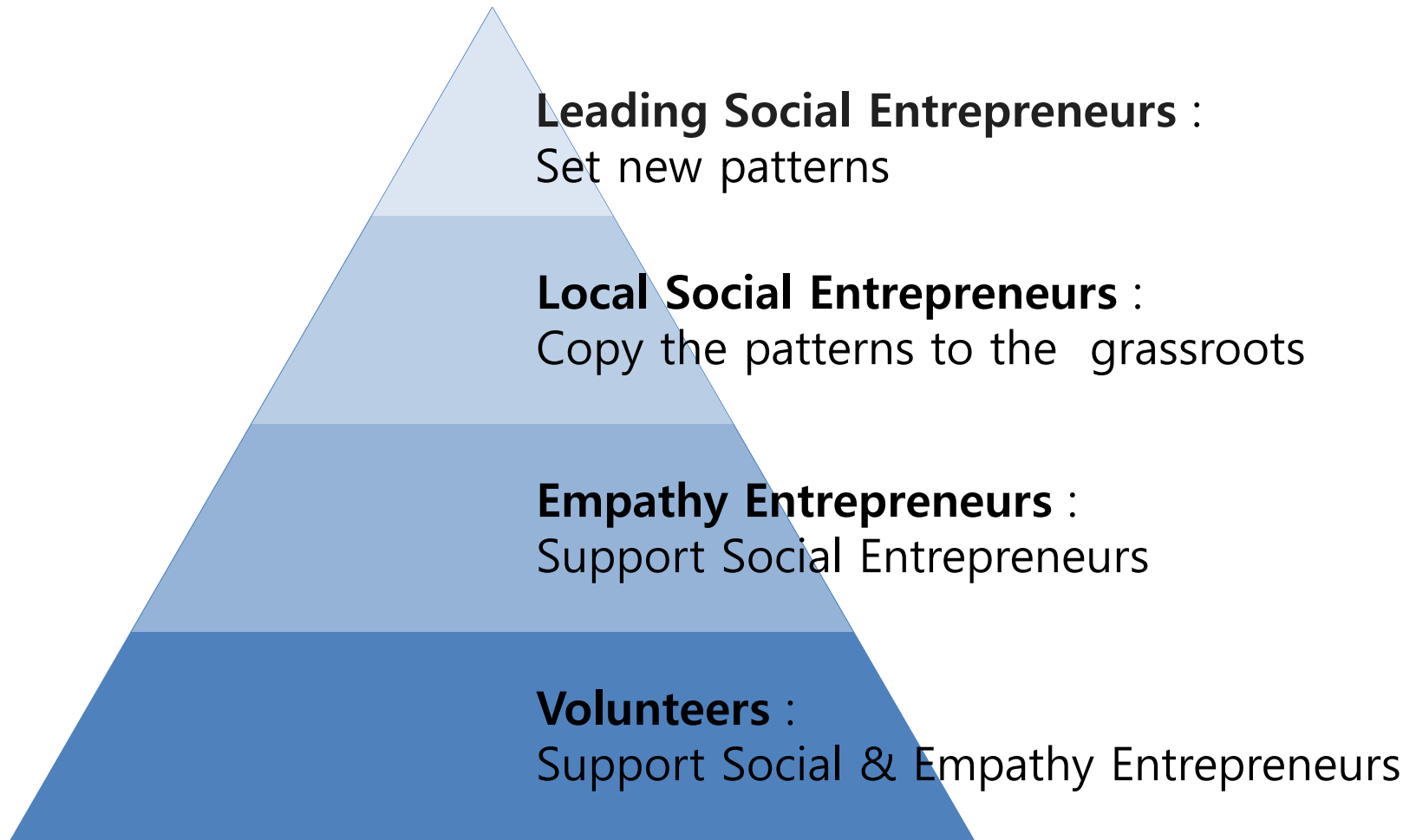
Bill Drayton



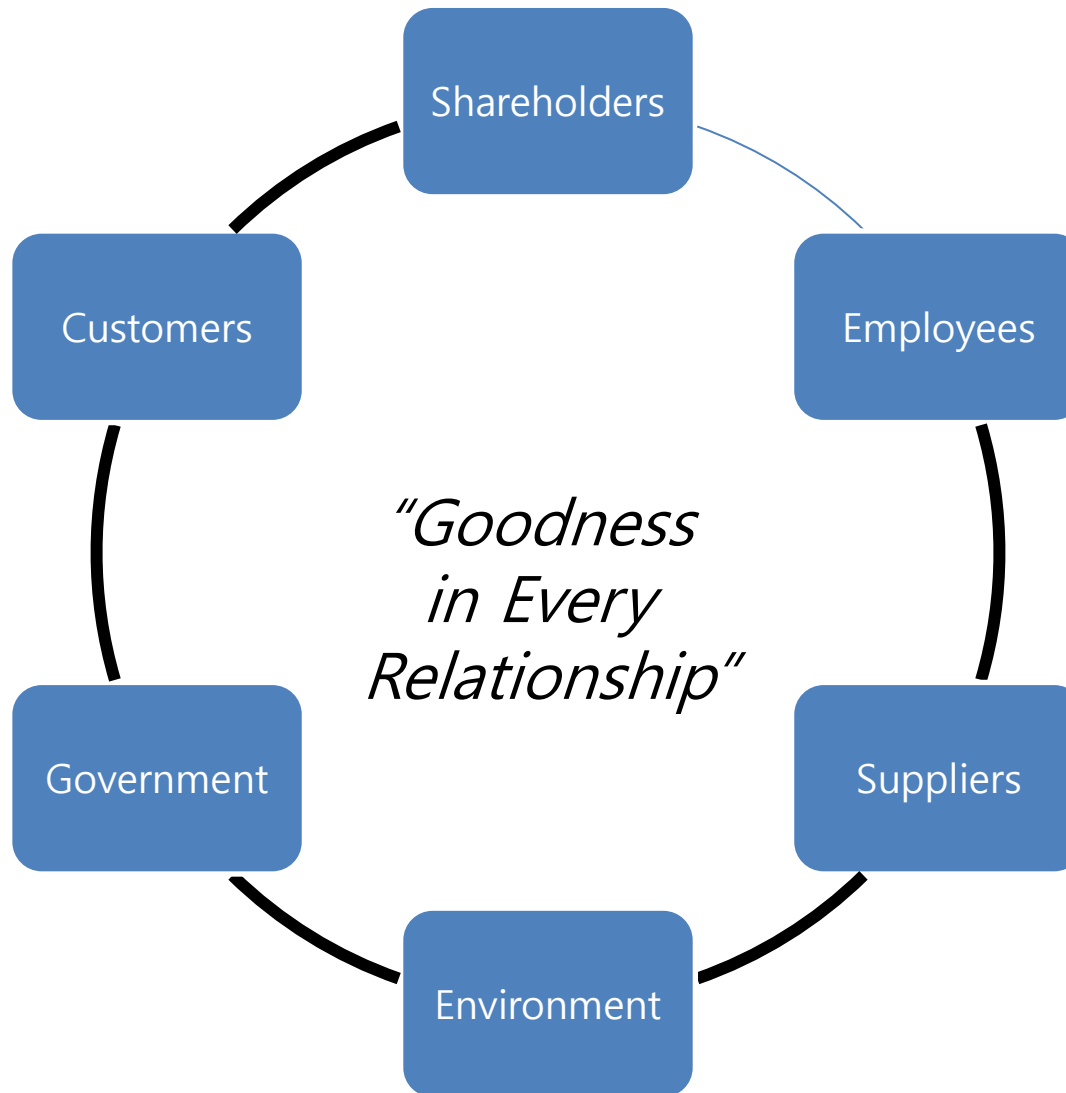
Dr. Muhammad Yunus

*"The life purpose of the true social entrepreneur is to change the society."*

# Pyramid for Social Change

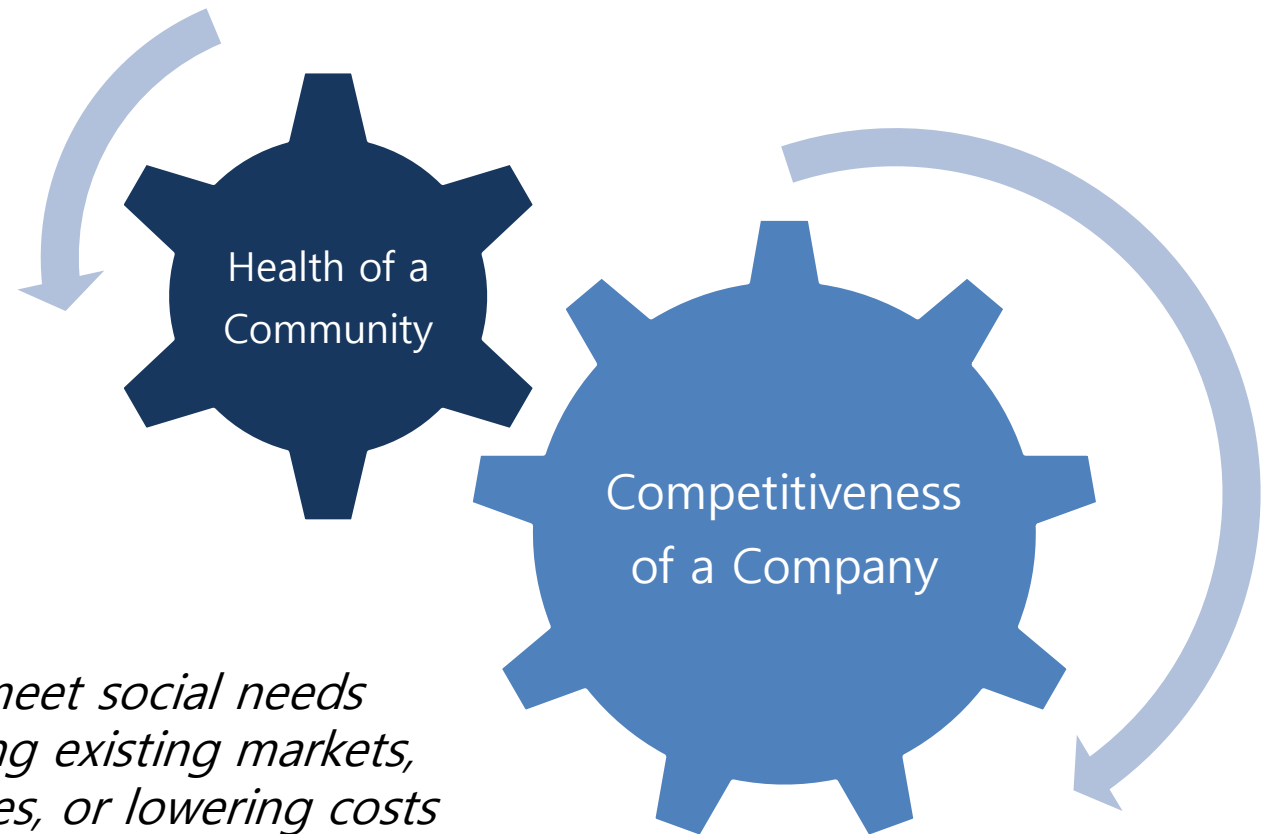


# What are Empathy Enterprises?





# Creating Shared Value

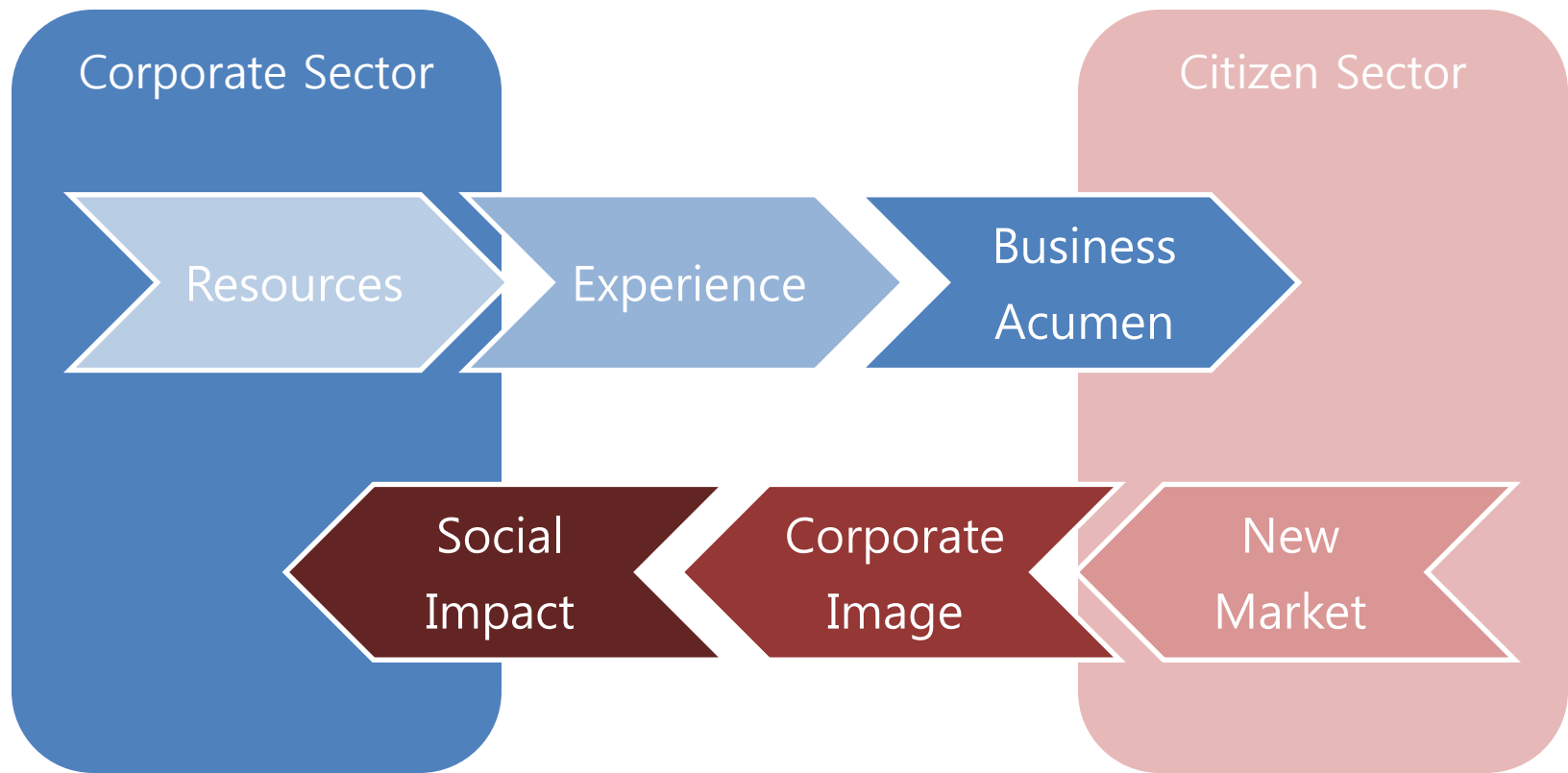


*"Companies can meet social needs while better serving existing markets, accessing new ones, or lowering costs through innovation"*

Michael E. Porter, Mark Cramer  
Harvard Business Review

# Hybrid Value Chain

*“The HVC model goes beyond philanthropy and corporate social responsibility. HVC partnerships are breaking the inefficient paradigms that separate the two sectors.”*



## [Example 1 : Lovingline]

### *Lovingline* Empathy Shop: Empathy Enterprise Support Shop



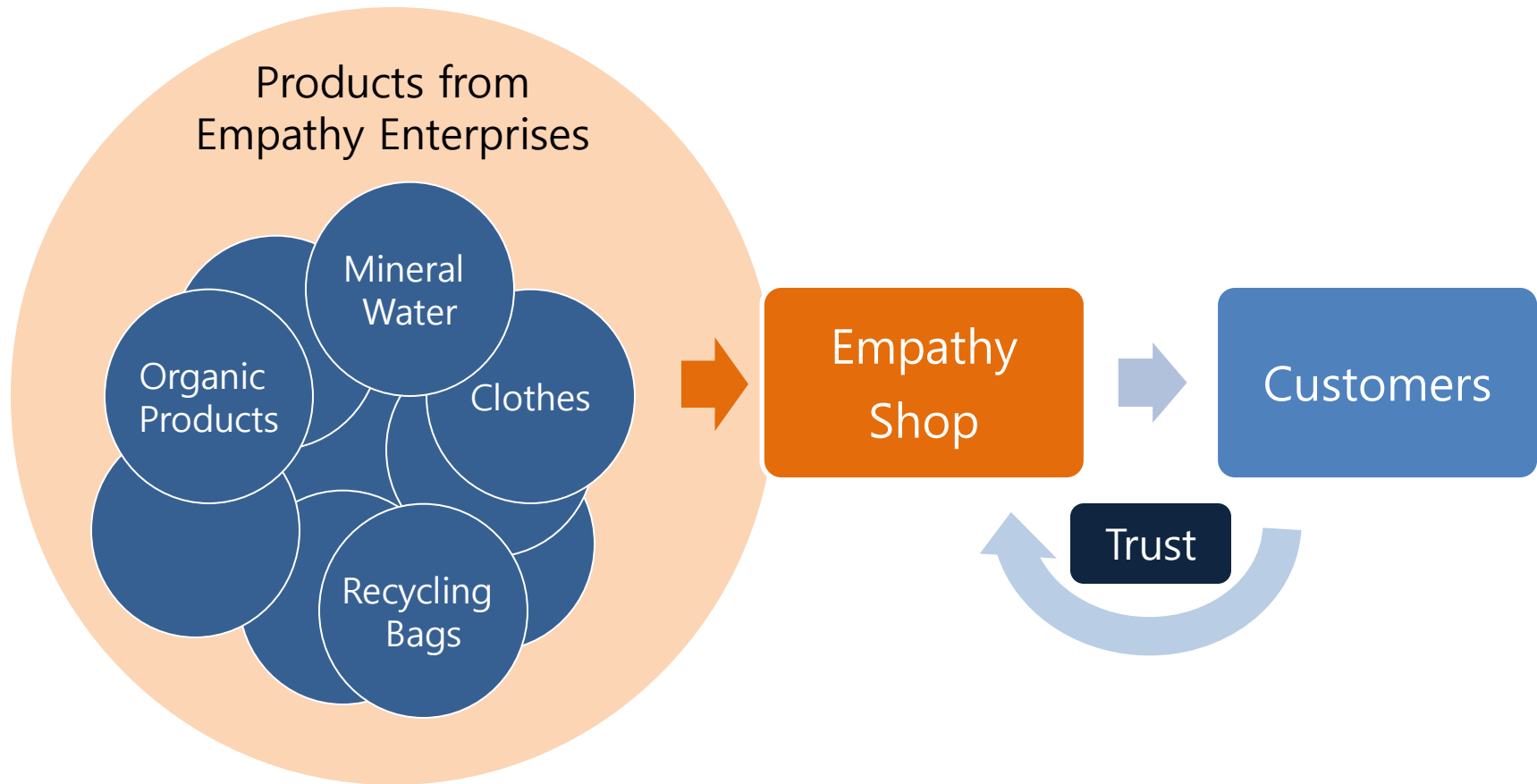
- Sells the products manufactured by empathy enterprises
- All profits are used to support social entrepreneurs

## [Example 1 : Lovingline] Assessing the Empathy Enterprises

*Lovingline* serves to connect good companies to consumers and investors.

Criteria	Questionnaires	Points
Purpose	Is a part of your profit used for social purposes?	40
Customers	Are the products considered basic necessities? Are the products beneficial for the customers? Are the products reasonably priced?	40
Employees	Are you paying above living wages to your employees? Are you providing other benefits to your employees? Are you employing the disadvantaged?	40
Supplier	Are you being nice to your suppliers? Are you paying all the taxes?	40
Environment	Is your company's practice comparable to the environmental need of your community?	40
<b>Total</b>		<b>200</b>

## [Example 1 : Lovingline] Creating Shared Value



## [Example 1 : Lovingline] Financial Results

Profits from the *Lovingline* are directly used for good causes in and out of Korea.

44 Months Jan 2005 to Aug 2008

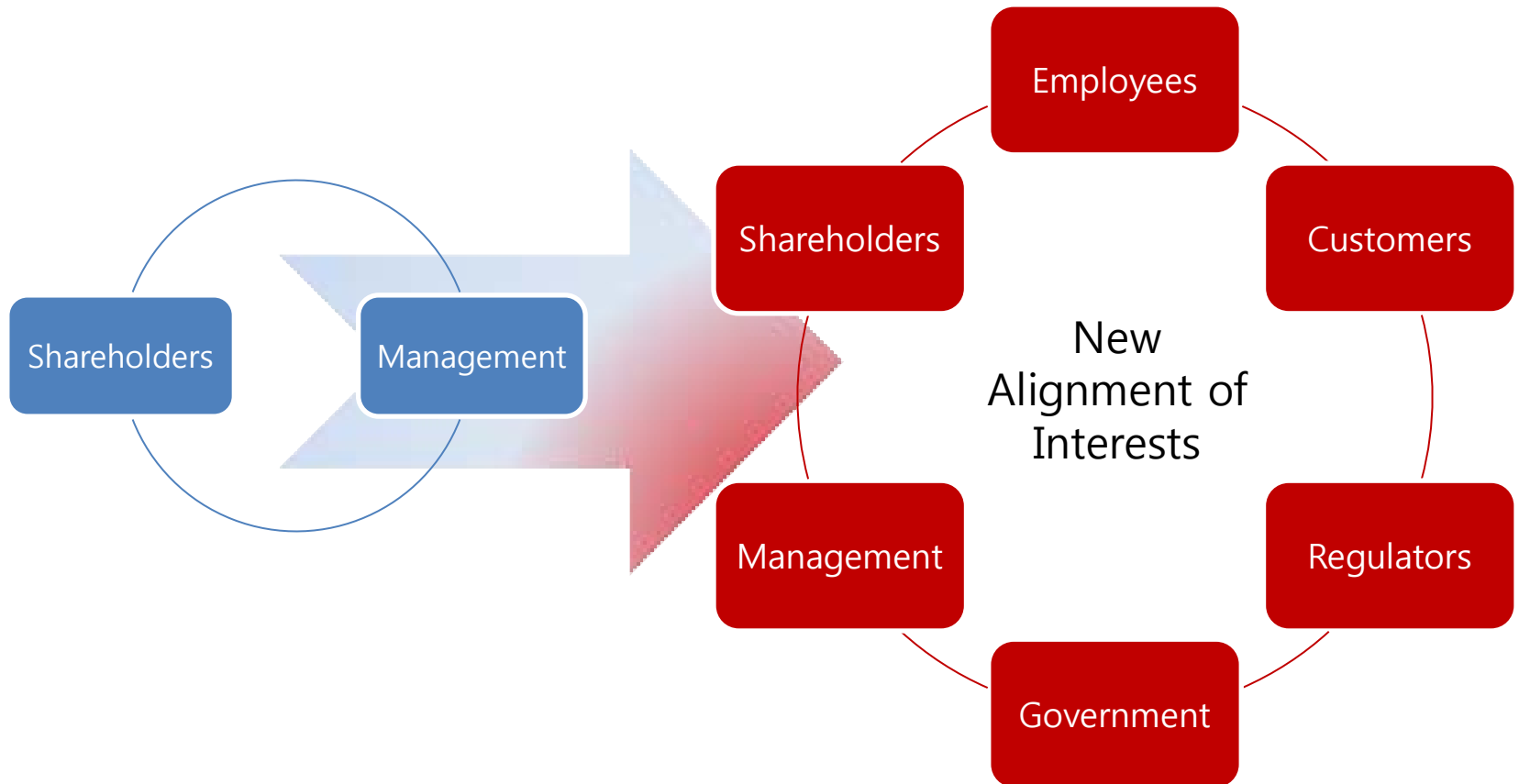
Monthly Program		Donation Amount (in KRW, '000)	Donation Frequency	Monthly Average (in KRW, '000)
Service delivered by	Internal Organization	99,800	15	6,653
	Outside NGOs	170,258	23	7,403
Potential Beneficiaries	Koreans	70,760	13	5,443
	Foreigners	199,298	25	7,972
Giving Back Campaign		61,903	6	10,317
<b>Total</b>		<b>331,961</b>		<b>7,545</b>

## [Example 1 : Lovingline] Vision for the Empathy Community



## [Example 2 : W Savings Bank] How to be a “Good Bank”

*IWL Partners* bought a savings bank and turned it into a “good bank”.





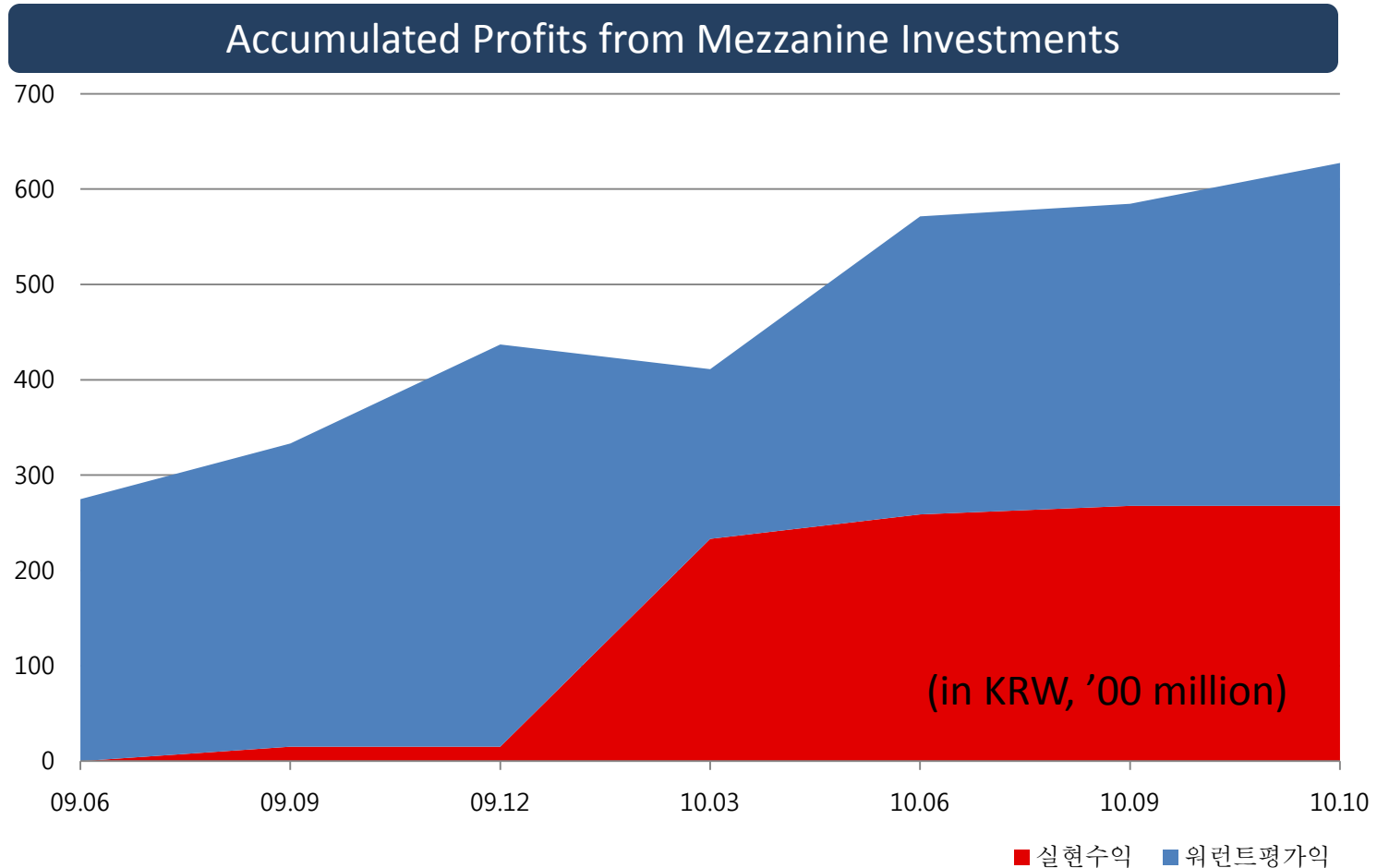
## [Example 2 : W Savings Bank] Being a “Good Bank” Paid off

“Goodness in Every Relationship” resulted in  
126% increase in the Equity Capital.

Category	Before	After	% change
Equity Capital (in KRW, million)	35,100	79,300	126 %
Management Salary (in KRW, million)	1,009	2,187	116 %
Employees Salary (in KRW, million)	1,365	5,336	291 %
No. of Employees	31	157	406 %
No. of Customers	16,514	47,314	186 %
Total Tax Paid (in KRW, million)	427	7,383	1,629 %

## [Example 2 : W Savings Bank] Invest with Love

*W Savings Bank* invests in small and medium size companies to whom no other established banks put their money in.



## [Example 3 : Pop Funding] New Way of Funding a Social Cause

*Crowd Funding* enables people to support various efforts from disaster relief, citizen journalism, and political campaigns, to funding a startup company or small business.

### Current Donation



### Crowd Funding



## [Example 3 : Pop Funding] Advantages for Social Enterprises

*Crowd Funding* can provide Social Enterprises...

Free  
Marketing  
through  
SNS

Test  
Market for  
New Ideas

Funding  
for New &  
Innovative  
Ideas

Individual  
Donators  
&  
Potential  
Customers

# [Example of Crowd Funding] Café Timor



fair trade coffee  
**CAFÉ TIMOR**



## Crowd Funding

- Funding for a new product development using SNS



## Investment Rewards

- Providing new products & barista classes to the crowd investors



## Social Impact

- Raising awareness of the fair-trade coffees and East Timor regions
- Increased revenue & customer base

# Government's Role in CSV (Creating Shared Value)

Government Can Promote CSV by...

Certification

- Better not certify
- Letting Empathy Enterprises to self regulate.

Legislation

- Letting Empathy Enterprises to seek the interests of all stakeholders.

Provision for Location

- Allowing the usage of Government's idle facilities for Empathy Shops.

Provision for Capital  
Required

- Contributing a small portion of the start-up fund.

Thank You