

Becoming Ethical Consumers and Global Citizens: Governance of Social Innovation in Korea's Fair Trade Towns

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Introduction

Introduction: aims and background

- **Research aims**
 - **The aims are to illustrate social innovation in Korea's national contexts through Fair Trade Towns movement, and to identify the factors of emergence, success, and challenges**
 - **Concerning Korea's Fair Trade Towns movement, the experiences of social innovation will be presented and analyzed**
- **Background**
 - Comparing to Fair Trade Towns movement in Europe, FTTs in Korea presents the distinct characteristics
 - In Europe, specifically from UK origins FTTs take ethical marketing approach and understands the role of participants within it (Anthony et al, 2018; Peattie & Samuel, 2018)
 - It was considered an increasingly global, and globalizing, ethical marketing phenomenon with the potential to influence markets and the fabric of life within consumer communities, and lives within producer communities (Peattie & Samuel, 2018).
 - This characteristics reflects the roots of Fair Trade in developed countries: Responsibility for the colonization, dealing with the issues rooted in imperialism through ethical consumption or re-configuration of value chain

Introduction: FTT in Korea

- **In Korea FTT movement presents different approach and characteristics**
- Most key players of FTT in Korea are belonged to social economy sector
- They have high inspiration to change or innovate the society by the collective efforts
- Achieving local sustainable development is one of the main goals of the groups
- The mission of FTT trying to alleviating the global poverty is suitable with their goals (Kim, 2021)
- FTT in Korea is less likely described by an ethical marketing perspective
- Instead it is largely affected by dynamics among diverse activities of consumer coops, global citizenship, inspiration for advanced society, social innovation, learning different practice of international civil society etc.
- **Therefore unlike European perspective seeing FTT activists as ethical marketers, Korea's activists can be considered as social innovators.**

Research questions

- Who, why, and how has Korea's FTT been proposed, led, advocated, and promoted?
- Has Korea's FTT been successful? If then, how does it happen?

Research method & scope

- Case study
- Literature review
 - A review of domestic and international research on Fair Trade
 - A review of documents on Fair Trade (press report, data, books, homepage, etc.)
- Participatory observation
 - Researchers has participated in Korea Fair Trade Towns Steering Committee : from start to present
 - Researcher had experience working in a Fair Trade organization.
 - Researcher did a number of official/unofficial research interviews with actors working in Fair Trade organizations.

Theoretical Review:
Social Economy, Social
Innovation, and Governance

Social Economy

- Social economy must be recognized and distinguished from other forms of economy (Defourny & Monzon Campos, 1992)
- The hybridization of the economic principles identified by Polanyi (1944), which comprise market exchange, redistribution, and reciprocity (Eme & Lavielle, 1994)
- It belongs neither to the profit-seeking private sector nor to the public sector (Bouchard, 2017)
- Social economy organizations respond to an unfulfilled significant need, and the act of belonging to a social group that has a collective identity or common destiny (Defourny & Develtere, 1999)
- Social economy provides service to their members and to the community, democratization of the economy (Defourny & Monzon Campos, 1992; Vienney, 1980)

Social Economy: the comparative views

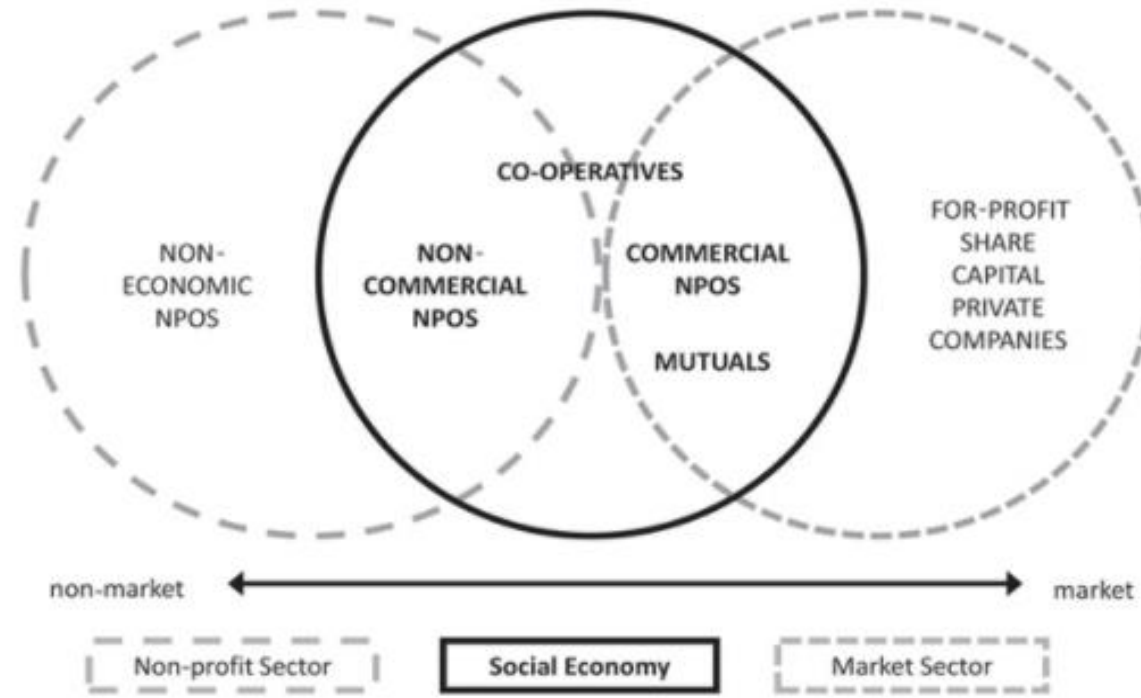
- Although different definitions have been given to the social economy, all definitions are generally grouped into two principal strains
- The difference between these two strains is capitalist and a capitalist (Demoustier, 2001; Draperi, 2010), or socio-economic organizations (Evers & Laville, 2004)
- **The Korean approach stresses the participation of civil society and prioritize the realization of social values**
- **It highlights the importance of governance between the civil society, the public and the private sector**

Social Economy: the comparative views

The Anglo Saxon Approach	<ul style="list-style-type: none">• Emphasize the non-distribution of benefits
The European and Canada-Quebecois Approaches	<ul style="list-style-type: none">• Place an emphasis on governance and the democratic functioning of a family of organizations• Cooperatives, mutual societies, and non-profit organizations undertaking an economic activity
The Korean Approach	<ul style="list-style-type: none">• Show the mixed characters of the Anglo Saxon approach and the European and Canada-Quebecois approaches• Stress the participation of civil society and prioritize the realization of social values• highlights the importance of governance between the civil society, the public and the private sector (Jang, 2006; 2010)

Source: Bouchard (2017), the authors revised

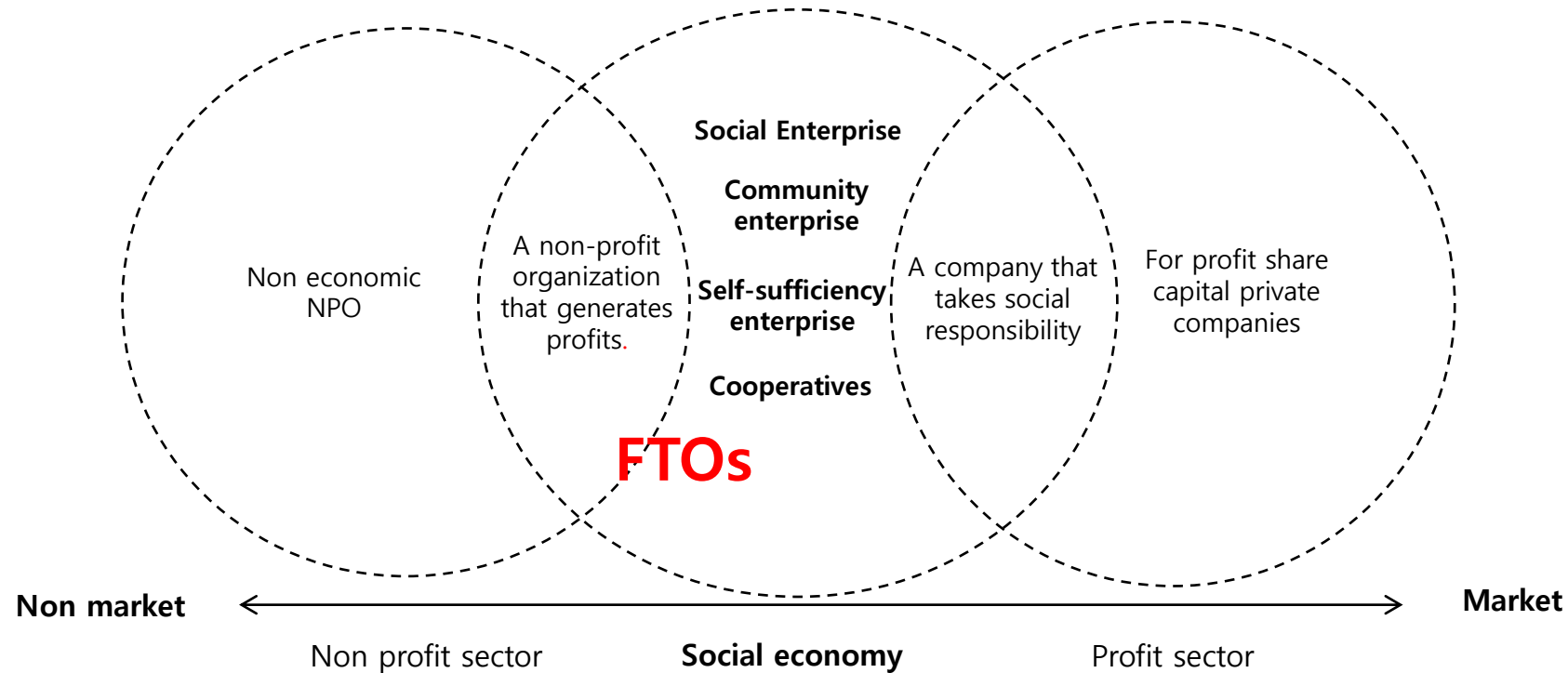
Definition of the Social Economy



Source : Bouchard (2017)

- Cooperatives, non-profit organizations that produce goods or services, and mutual societies
- Not include share-capital enterprises, whose goal is the individual distribution of profits, or non-profits organizations that do not engage in economic activities (Bouchard, Ferraton, & Michaud, 2006; Bouchard, Cruz Filho, & St-Denis, 2011)

Definition of the social economy in Korea



Source: Korea Social Enterprise Promotion Agency

- In Korea social economy includes intermediate organizational form performing business activities such as the production and sales of goods and services pursuing social purpose first.
- Organizations in social economy sector produce and sell goods and services while pursuing social purposes such as improving the quality of life of local residents by providing social services or jobs to vulnerable groups.
- Social enterprise, community enterprise, self-sustaining enterprise and cooperatives are representing social economy organizations in Korea.
- **Most Fair Trade Organizations (FTOs) in Korea are belonged to social economy sectors. The form of the organizations can be different from each other. (a non-profit organization that generates profits, social enterprise, consumer coops)**

Social Innovation

- Social innovation refers to activities that solve social problems that are not well solved in the field or newly emerging through new ideas or methods
- It is a response to the failure of government-led and market-led approaches to solve social problems
- Innovation can be identified at least two major approaches (Bouchard, 2017)

The first approach	<ul style="list-style-type: none"> • Interested in solutions to major social problems, based on entrepreneurial initiatives that emphasize philanthropy, individual responsibility, and the market more than the state (ex: Ashoka association, Muhammad Yunus)
The second approach	<ul style="list-style-type: none"> • Emphasize the collective nature of the processes and products of social innovation • Innovation does not result solely from a voluntary and rational action. It also arises from the conjugation of structural impasses and the action of social movement (Comeau et al., 2007) • Focus on introducing new social relations and organizational methods rather than technology and business in order to address the issues • Social innovations are social in means and ends • They include new social and create new social relationships or collaborations

Reference : Bouchard (2017); TEPSIE (2014)

Social Innovation

- While the first approach puts emphasis on personal capability and social entrepreneurship, the second approach stresses the collective actions and governance of diverse social actors
- **This study takes the second approach as FTT in Korea would be better described through the second perspective**
 - Diverse social economy actors are participating in FTT in Korea and establishing the governance among the public, the private and civil society
 - Key players of FTT in Korea are leading social innovation by the collective efforts and design of the solutions

Types of Social Innovation

Types	Features	Examples
New service and production	<ul style="list-style-type: none"> New services and products to cope with social needs 	<ul style="list-style-type: none"> Car sharing, zero waste house development
New role and action	<ul style="list-style-type: none"> Newly required roles and actions to solve social problems. 	<ul style="list-style-type: none"> New role of civil servant resolving conflicts in civil society
New procedures	<ul style="list-style-type: none"> Joint production of new services involving civil society. 	<ul style="list-style-type: none"> Participation budget system, Fair Trade
New organization	<ul style="list-style-type: none"> Forming a new organization to solve social problems. 	<ul style="list-style-type: none"> Social enterprise, Social venture
New rules and law	<ul style="list-style-type: none"> Establishing new laws and rules to respond to social needs. 	<ul style="list-style-type: none"> Introduction of personal budget system

Source: Bouchard (2017); TEPSIE (2014), Song (2016)

- The classification of social innovation can be divided into new service and products, new actions, new processes, new organizations, and implementation of new rules and laws

Governance

- Governance differs from government in that it focuses less on the state and institutions and more on social practices and activities
- Modernist organization theory provides typologies describing and explaining different types of coordination. Most of the typologies focus on three ideal types: hierarchy, market, and network (Bevir, 2012)
 - Hierarchy: rely on authority and centralized control
 - Market: rely on prices and dispersed competition
 - Network: rely on trust across webs of associations
- **Types of governance shift from hierarchy to markets and networks in corporations, the public sector, and global politics (Bevir, 2012)**
- **However growing doubts about the democratic credentials of network governance are beginning to lead some social scientists and policy-makers to explore more innovative forms of collaborative governance**

Governance of Social Innovation

- **As this study take collective approach to social innovation, new forms of governance can provide it with insights**
- New governance is closely connected to partnership (Dancause & Morin, 2013) and participation (Bevir, 2012)
- Collaborative governance brings citizen's group into the policy-making process, production of the goods and services
- Innovation has arisen alongside the new governance and markets and networks (Bevir, 2012)
- **Governance of social innovation is characterized by the proliferation of citizen's participation, decentralization and collaboration of diverse stakeholders**

A Brief History and Current Status of Korea's Fair Trade Towns (FTT)

A Brief History and Current Status of Korea's FTT

- Fair Trade in Korea began after all three Fair Trade development strategies emerged internationally.
- Representing civil activist concerning global poverty issues initiated Fair Trade movement in early 2000
- **In the early days NGOs, consumer coops and social enterprises pursued the organization-based strategy and lead Fair Trade (ex. Beautiful Store, Dure Coop, iCOOP, YMCA, g:ru, etc.)**
- **In 2011, FI (Fairtrade International) Korea opened its office in Seoul. Since then it has strengthen certification-based strategy**
- **After 2010, some politicians of local government announced its cities as Fair Trade Towns. Politicians, FTOs and consumer played an important role to develop community-based strategy**

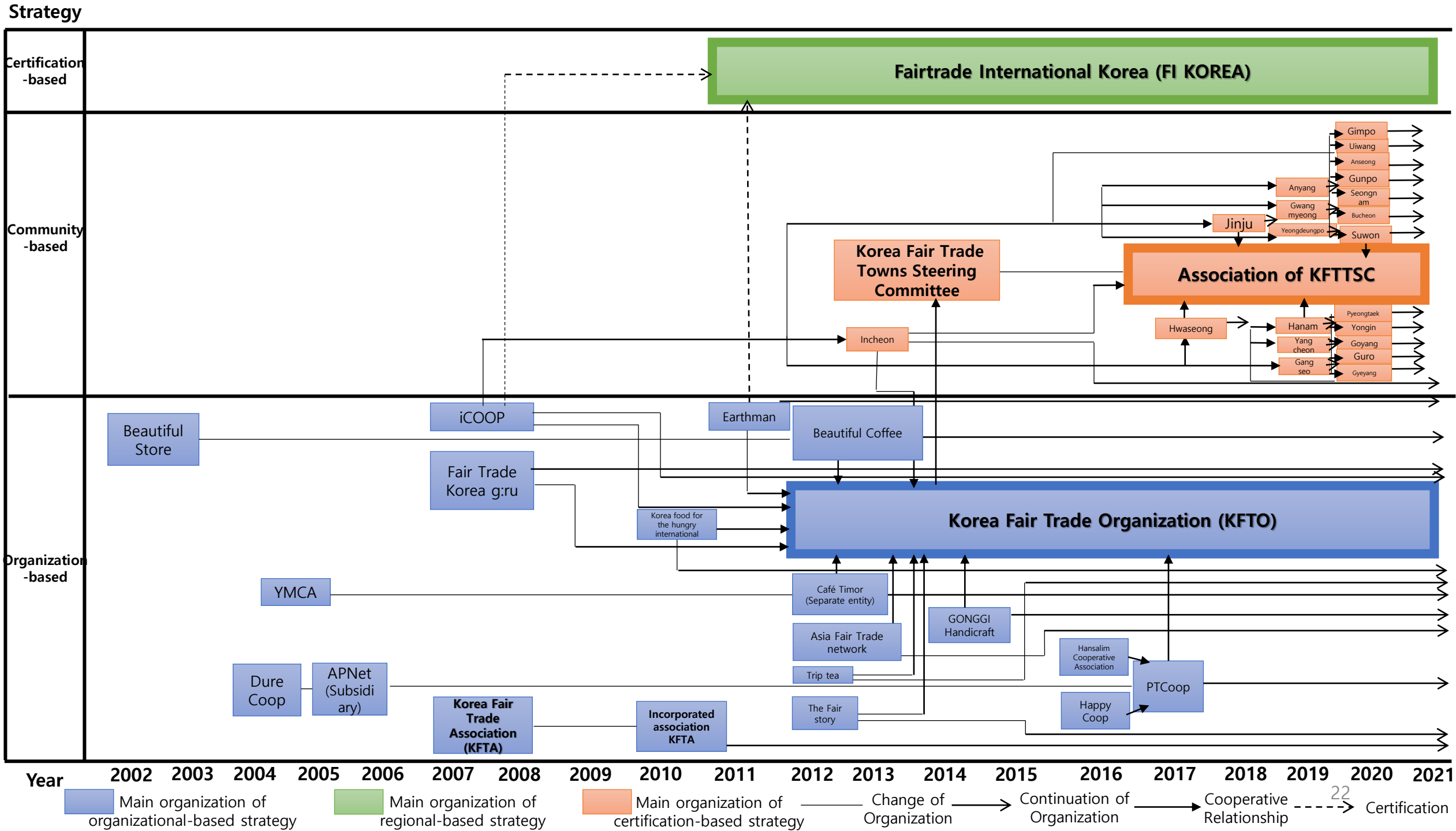
A Brief History and Current Status of Korea's FTT

Organization-based strategy (year 2002 Beautiful Store/year 2004 Dure coop/year 2007 iCOOP etc)

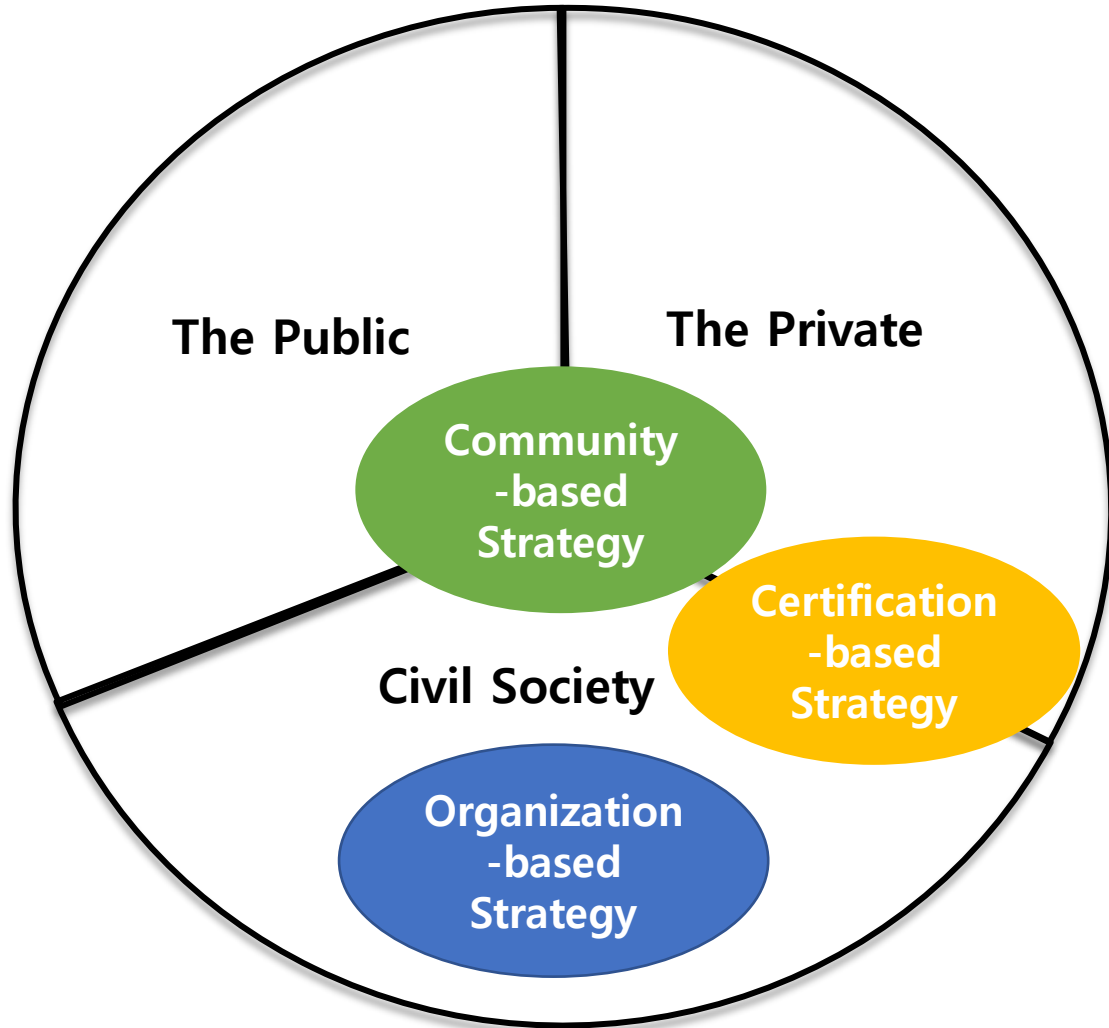
Community-based strategy (year 2010 Incheon/year 2012 Seoul/year 2013 Korea Fair Trade Towns Steering Committee)

Year 2017
Bucheon

Certification-based strategy (year 2011 FI Korea)



Key Innovators of Fair Trade in Korea



- In organization-based strategy civil society played an important role as a change maker
- Mainstreaming is a key factor in certification-based strategy. In order to scale up Fair Trade, it stress the importance of private sector
- **In community-based strategy, the participation of three different sectors stands out comparing to two former approaches**
- In the case of organization-based strategy and community-based strategy, social economy actors are key players

Social Innovation and Fair Trade in Korea

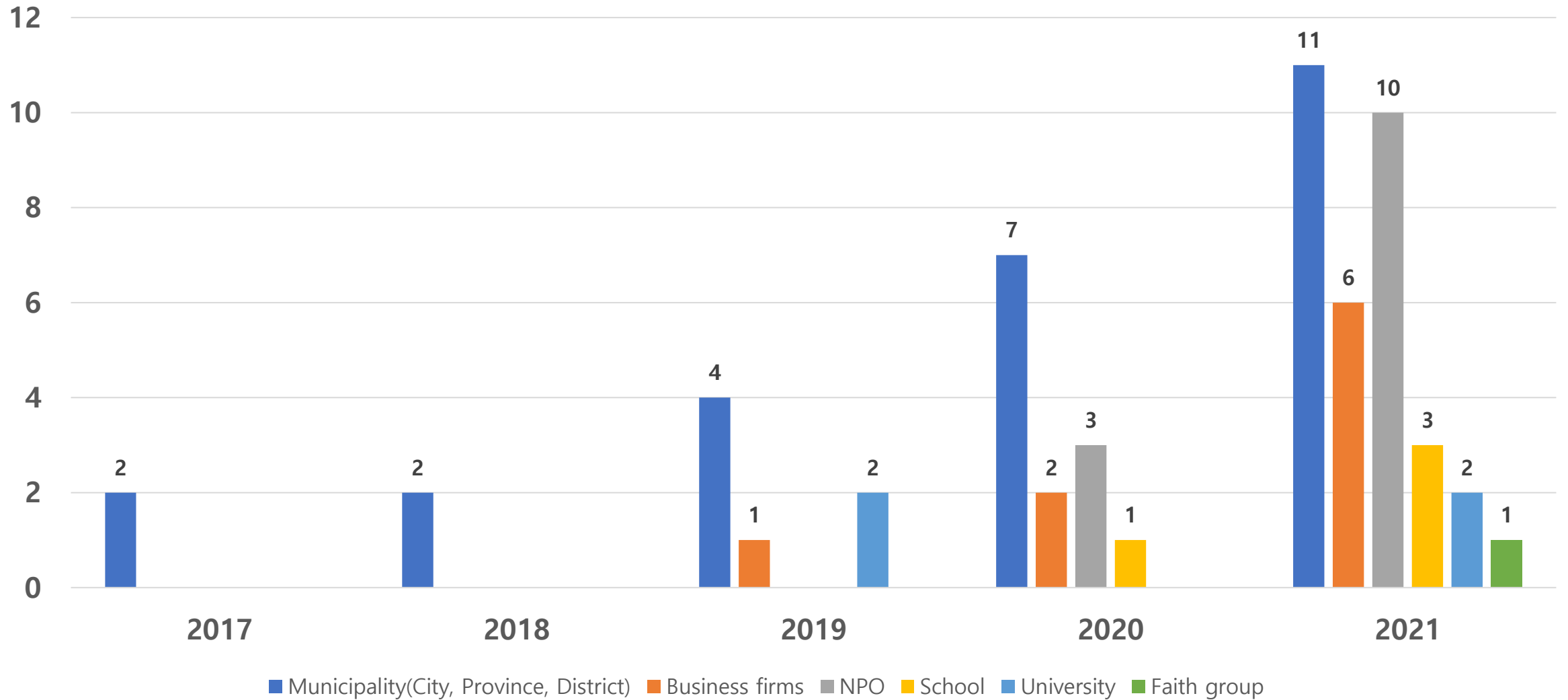
Fair Trade development strategy	Features	Types of innovation
Organization-based strategy	<ul style="list-style-type: none"> • Different form of organizations specialized in Fair Trade are founded • Fair Trade, Environmentally friendly and ethically-produced products are provided to Korea • Ethical consumer started to purchased them 	<ul style="list-style-type: none"> • New service and production • New role and action • New organization
Certification-based strategy	<ul style="list-style-type: none"> • FI Korea introduced FI certification system helping Fair Trade value chain reliable • Open the room for big corporations to participate in Fair Trade • Consumer can buy Fair Trade products recognizing labels 	<ul style="list-style-type: none"> • New service and production • New role and action • New organization
Community-based strategy	<ul style="list-style-type: none"> • Focus on community-centered movement • Korea Fair Trade Towns steering committee was founded • Made a new process for certifying Fair Trade towns • Strong demands from civil society change the role of politicians and local parliament • New rules of FTT and enactment of Fair Trade ordinance 	<ul style="list-style-type: none"> • New service and production • New role and action • New procedures • New organization • New rules and law

Number of FTTs

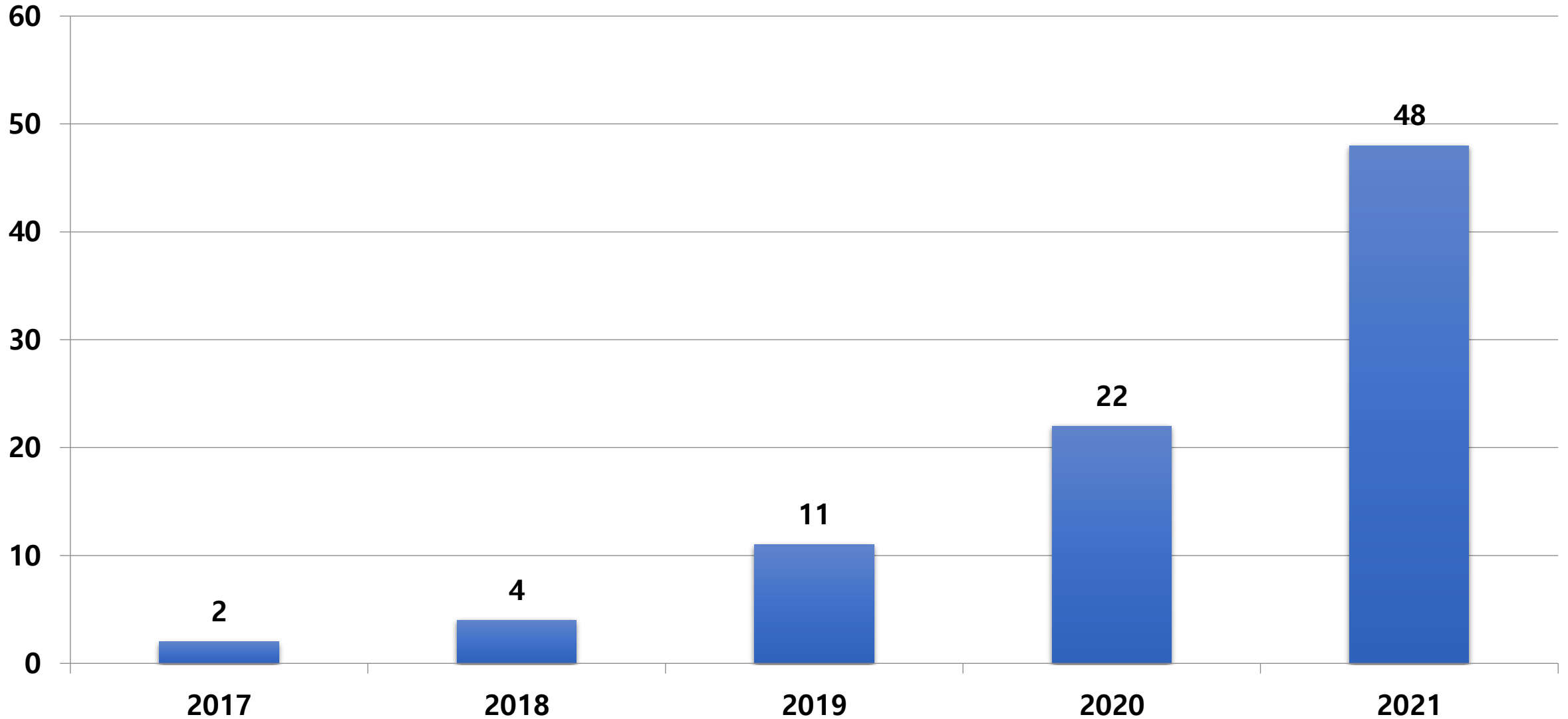
Type/Year	2017	2018	2019	2020	2021	The number of current FTTs*
Municipality (City, Province, District)	2	2	4	7	11	18 (26)
Business firms			1	2	6	9 (9)
NPO				3	10	13 (13)
School			1	1	3	4 (5)
University			2		2	3 (4)
Faith group			1		1	1 (2)
The total number of current FTTs						48 (59)

* Number in () means the total number of award (certification)

Number of FTTs



Number of FTTs



* Numbers include all types of FTT(municipality, business firms, NPO, school, university and faith group)

Becoming Ethical Consumer and Global Citizen

- Growth of FTT is important, but one of the significant successes of FTTs movement as a social innovation is that the subjects who participated in it over the past decade have changed their attitude of ethical consumption and global citizenship
- In Korea, Fair Trade was not endogenous but rather exogenous influenced by the international FT movement
- Therefore actors of FT movement internalized its value and mission through learning and conception of foreign knowledge and information
- In the same context FTT movement was accepted in Korea
- **Although its goal is to alleviate the global poverty, in process participants have strengthen their identity as not only ethical consumer but also global citizen**
- **The achievement of FTT movement in Korea is that participants are changing their identity in dynamic process**

Governance of Social Innovation in Korea's FTT

Governance of Social Innovation in Korea's FTT

- Governance for Korea's FTT
 - **Global Governance**
 - **Participative Governance**
 - **Collaborative Governance**

Governance of Social Innovation in Korea's FTT: Global Governance

- New way of global governance is needed to address the wicked problem such as global poverty and inequality (Bevir, 2012)
- It can be achieved by participation of new actors from civil society (Bevir, 2012)
- **The strategy that International Fair Trade Town Steering Committee (IFTTSC) suggested is to benefit some of the world's poorest farmers and alleviate global poverty**
- **Korea Fair Trade Towns Steering Committee (KFTTSC) created a link to IFTTSC and participated in the global governance**
 - In 2017, conflict arose between community-based strategy and certification-based strategy for recognition as representatives of FTT in Korea (Bucheon city)
 - Through collective efforts and persuading IFTTSC to understand the landscape of FTT movement in Korea, main actors of community-based strategy achieved the international recognition
 - After the dispute, main actors of community-based strategy realized the significance of FTT movement and more actively participated in it
- **It shows that FTT in Korea works to form the global governance of international FTT movement and it helps to achieve the legitimacy and universality of movement in Korea**

Governance of Social Innovation in Korea's FTT: Global Governance

- KFFTSC keeps sending a message to global FTT that it is a representing actor in Korea and participating in construction of global governance of FTT
- KFTTSC participates in annual international Fair Trade Towns conference in order to learn, present and share the practices of FTT movement
- On behalf of KFTTSC, the national coordinator can communicate with other national coordinators of diverse countries
 - It can also intensify the legitimacy and increase the representation of KFTTSC internationally
- **Throughout all of these factors FTT in Korea has strengthen partnership with other actors and intensified global governance**

Governance of Social Innovation in Korea's FTT: Participative Governance

- The form of good governance can be considered as more participatory one (Bevir, 2012)
- Based on mission of global FTT movement, KFTTSC sets 5 goals and made a framework
- In that process it involved the citizens, FTOs, activists and researchers who have actually lead FT movement
- **In short, the governance of FTT in Korea was formed by actors who lead it**
- Regional activist-driven groups pursuing FTT movement voluntarily participated in it and gathered community resources along with the guideline
- **The process of recognizing FTT set by KFTTSC increased the diversity and the intensity of participation**
- **Diverse stakeholders in community accepting the mission of FTTs in Korea can be part of the movement**
 - The main difference between FI certification and FTT award process is "who has the voice and can be counted as an actor"

Governance of Social Innovation in Korea's FTT: Collaborative Governance

- Collaborative governance is an interactive process in which myriad actors with various interests, perspectives, and knowledge are brought together
 - It appears to promote other democratic values, including participation and dialogue, both of which are rather neglected by representative institutions (Bevir, 2012)
- FTT in Korea shows the characters of collaborative governance by active interaction among the public, civil society and the private
- In order to get FTT status, local (Metropolitan, Provincial, City, District) councils should enact Fair Trade ordinance
- **It activates collaborative partnership between the public and civil society**
 - **Local politicians accept the demands for active supporting to FTT from civil society and propose an ordinance**
- **Based on it, the local government forms Fair Trade steering committee and provides subsidiary to local FTT groups**
 - **Local FTT groups can harness the political legitimacy and financial resources to FTT movement based on collaborative governance**
- However it can also put the limit to some area that have politicians who do not have interest to enact the Fair Trade ordinance
- Also although FTT movement has cross-sector collaboration it can be said partial cooperation as it is competing with FI Korea

Conclusion

Conclusion

- Findings
 - Fair Trade movement in Korea has developed based on three development strategies and key players are belonged to social economy sector
 - All three approaches reflect different types of social innovation
 - Among them FTT movement (community-based strategy) is growing rapidly with its unique characters as a social innovation
 - In addition to quantitative growth, participants has been becoming ethical consumer and global citizen in dynamic process of FTT movement
 - **The success of FTT can be explained in global governance, participative governance and collaborative governance**
- Implication
 - **Making across collaborating and connecting diverse stakeholders can play a vital role to success of FTT movement**
 - **Changes in the identity of participants in the process of social innovation can be the engine of the movement**

Conclusion

- Limitation and further research
 - FTT movement in Korea is a dynamic process and the study analyzes it at this point
 - Therefore as a social innovation FTT movement in Korea may show a different trajectory in the future
 - This paper focuses on unique success factors of FTT in Korea as a social innovation, but in the next research, it is necessary to compare it with other FTT movement case to more clarify what can be applied to global context or local context

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