

Stanford SOCIAL INNOVATION^{Review}

Supplement
Innovating Local Government
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Other local governments, including Wanju-Gun, are also promoting socially innovative concepts and strategies. For example, they are setting up offices to oversee social innovation programs and work on legislation. They are securing funds, from either government budgets or social financing, to support social innovation, and are establishing intermediary organizations and networks to facilitate collaboration between governments and companies. Some local governments are also supporting their local social innovators by adopting social innovation projects to foster local self-reliance, leading to the revitalization of local economies and communities.

Building a Better Future

In a matter of decades, South Korea has gone through rapid changes and development, from a premodern to a modern society, from a dictatorship to a democracy, and from an

aid-recipient country to a donor country. These changes were largely positive, but they came with significant unwanted and negative side effects. That fallout—coupled with a slowing economy, an aging population, and a falling birthrate—has put South Korean society at a crossroads. A promising future is not a given; it is up to the country's leaders and citizens to find and follow the right course. Creating a better future depends on well-designed social change efforts, anchored by social innovation. ■

NOTES

- 1 Elise Hu, "The All-Work, No-Play Culture of South Korean Education," NPR, April 15, 2015.
- 2 The voting rate of the 13th general election, the first election held after the 1987 nationwide democracy movement, was 75.8 percent. However, the voting rate fell sharply to 46.1 percent in the 2008 18th general election, and was 54.1 percent in 2012 and 58.0 percent in 2016.

CASE STUDY: SOUTH KOREA

Innovating Local Government

Under Mayor Park Won-soon, the city of Seoul has become a leader in fostering social innovation.

BY WONJAE LEE

Let's say you commute to and from work on the bus. The bus line is near your office, and the trip takes about an hour. It should be convenient, but it's not; you often work late hours, and the bus stops running before midnight. What can you do? You can write a letter to city government, suggesting that the bus lines run later into the night. You can stage a protest in front of the bus company demanding that the operation hours be extended. You can submit a proposal to the city government, suggesting that it provide some subsidy to cover the cost of gas if you organize a carpool with your neighbors.

As you consider these alternatives, you know that you must take into consideration the fact that you will be interacting with a local government, notorious for being slow, ineffective, and nonresponsive. So you think—maybe you'll give up on the idea of reaching out to the government. Maybe you'll just buy a car, drive yourself, and be done with it.

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Unless, that is, you are living in Seoul, South Korea. As a Seoulite, if you have a complaint or a suggestion, you can send a tweet to the mayor of Seoul, Park Won-soon. After that, you might get a very quick tweet in return, and that response might be followed in short order by fruitful action.

That's exactly what happened when a person, using Twitter, contacted the mayor about his frustrating commute. His tweet: "By the time I get off work, there are no bus lines running. I do not have a car. I wish there would be a bus service operating in the late hours as well." (The actual tweet in Korean had fewer characters.) He received a reply almost immediately. And the Night Owl Bus service—a direct result of his communication—launched eight months later.

That's because Seoul—the country's capital and home to 20 percent of South Korea's population—actively welcomes input from residents and has been experimenting with ways to encourage citizen engagement and to ensure that when citizens raise an issue,

the city is poised to work efficiently and collaboratively toward a solution.

Park Won-soon, mayor of the Seoul Metropolitan Government (SMG), believes that administrative functions should be used not only to govern but also to foster collaborative innovation. And the people of Seoul—citizens and government staff members alike—believe in him because his approach is rooted in a strong, personal track record of success. In addition to holding office, Park is the founder of a social enterprise called The Beautiful Store, an NGO called The Beautiful Foundation, and a social innovation think tank called The Hope Institute. Park, in short, is a champion of social innovation.

Night Owl Bus and a Citizen's Suggestion

What happened, exactly, when the Seoul resident tweeted Mayor Park? The process of moving from tweet to transportation is an example of what social innovation in Korea is all about. It started with purposeful *listening*. The SMG had a system in place through which citizens could voice their opinions, and their comments would quickly be relayed to people and departments within the government who had the authority and bandwidth to respond.

Thus, the SMG, on seeing the tweet, quickly began to analyze the situation. The government's transportation leaders knew straightaway that it would be too costly to extend the operating hours of all the bus lines operating in Seoul. So they sought to identify the areas where late-night bus service would matter the most. And here, they relied on the power of *collaboration*. Looking for the data that could best inform their decisions, the SMG team tapped the private sector and found the answers it sought through the mobile telecommunication companies that served Seoul. Mobile phone usage provided a clear picture of people's movements late at night.

The city was then ready for *action*, and here is where Park's influence proved crucial. Many a good suggestion goes through all the necessary analysis, yet fails to be executed due to lack of political support. Ultimately, the SMG was able to respond to the Night Owl Bus inquiry swiftly and effectively because it had both an efficient administrative system that supported innovation and the support of a strong political leader.

The Seoul resident sent his original tweet in January 2013. Before the end of February, the city had launched a pilot project. By the end of April, two pilot bus lines were running. And by August, the city launched additional

Night Owl Bus lines, adding seven more to complete the project in September. Today, 44 Night Owl Buses operate across nine bus lines in Seoul.

Overall, the project has been a huge success. In its first year, an average of 6,000 passengers rode a Night Owl Bus each day. Passengers saved on average KRW 6,000 per ride (\$5), the difference between average taxi fare and Night Owl Bus fare. And female passengers reportedly feel safer using the Night Owl Bus than other transportation services at night.

A Social Innovation Ecosystem

It might be relatively easy to introduce a single policy and claim success based on short-term metrics. It is not so easy, however, to set up an ecosystem that enables long-term change driven by social innovation, and that results in continued performance across a range of activities year after year.

If you take a look at the Sharing City initiative in Seoul, though, you might find some hints on how to build such an ecosystem. Sharing City—the city’s initiative to enhance the sharing economy—provides as close to a blueprint for cities aspiring to build a sound ecosystem for social innovation as any approach we’ve observed. That’s because the Sharing City encourages an infrastructure that promotes social innovation, essentially by providing a “map” and resources to guide would-be social innovations from idea to delivery. Here’s how it works.

In Seoul, a typical beginning for any organization striving to innovate for a social purpose involves a party, often hosted by an intermediary organization such as the Seoul Youth Hub. It’s not unusual to see would-be social innovators gathering at the Youth Hub to chat with their peers over tea, establish working teams, attend a performance or a lecture, and connect with more experienced entrepreneurs, investors, and NGO activists.

When they home in on a goal and assemble a team, they can then take their ideas to a social innovation incubator, such as the Seoul Innovation Park¹ or the Seoul Social Economy Center, to receive help in the form of coaching, funding, and recruiting people and organizations that have the skills (or authority and influence) they need to succeed. At this stage, social innovators may begin producing the product or service that is needed to solve the social problem they hope to address.

With the support of an incubator, their next step is to engage with the government directly, sometimes by participating in the

government procurement process. The SMG gives priority to products and services made by social innovators. And when a project begins to scale up, the Seoul Social Investment Fund, an impact investment fund set up by the SMG, may play an important role by extending a loan. Here, the incubators may help with connections to private sector investors, and with efforts to promote the new product or service. At this point, socially conscious consumers act as pioneers, promoting the new product or service by using it and by influencing their peers to follow suit. And finally, the project gains enough strength to compete in the for-profit market.

Take the example of SoCar, a car-sharing company based in Seoul. Sopoong, an impact investor, made the initial investment in SoCar. But the company also benefited from the SMG’s sharing-economy support program; through collaboration with the SMG, SoCar obtained public parking spaces—an essential element in operating such a business. Then, SoCar obtained funding from the Seoul Social Investment Fund to expand. And subsequently, the business secured funding from private investors Bain Capital and SK Group. The company will soon issue stock to the public.

How Can a Local Government Do This?

Local governments are almost always considered to be conservative and difficult to work with. So what makes Seoul different? When asked this question, Chun Hyo-Kwan, the director in the Seoul Innovation Planning office, explains that a big part of his role is to make the government easier to work with: “A huge bulk of my work is persuading other government officials, and also talking to the city council,” he says.

Chun started working at the SMG in 2014, just as Mayor Park was beginning to emphasize the importance of social innovation. As he explains it, his division—which comprises 100 government civil servants across six departments—serves as the control tower for all social innovation activities within the SMG. Put more specifically, the Innovation Planning office has three primary responsibilities:

First, it serves as a change agent within the SMG (which employs more than 50,000 civil servants). The division works to persuade and support other departments in the SMG to accept social innovation policies and take on specific projects. For example, the car-sharing project falls under the responsibility of the transportation division. In these cases, Chun’s direct reports have not handled the

actual project work; rather, they have served as advocates, raising awareness and promoting social innovation in each division.

Second, Chun’s division is in charge of securing funding for accepted social innovation projects. The SMG allocated KRW 1,812,000,000 (\$1.5 million) in 2014 for social innovation policies and increased that figure to KRW 9,060,000,000 (\$7.5 million) in 2016.

Last, the division is in charge of setting the social innovation agenda. The “Sharing City” and “Social Economy” have become popular buzz phrases in South Korea, in large part due to the work of people like Chun and Mayor Park. But if Chun’s division is working hard to secure the necessary budget and conduct advocacy activities, then that raises another question: Who comes up with the policies that guide social innovation, and who implements them?

The answer is the city’s intermediary organizations. These organizations provide the missing link that sets Seoul apart from other bureaucracies. The Seoul Social Center nurtures social enterprises and cooperatives. The Youth Hub provides a productive “playground” for young entrepreneurs. The Seoul Community Support Center helps entrepreneurs to revitalize the local community. The Seoul Share Hub leads the Sharing City initiative by supporting sharing-economy ventures. The city’s Social Innovation Park provides an overarching platform—as well as a single physical location—where innovators, citizens, and various stakeholders can gather to bring social innovation concepts to life.

These intermediaries are fully funded by the SMG, but they retain an independent spirit. They execute and manage social innovation policy initiatives; plan and set policy through dialogues with those involved in the projects (including beneficiaries); help build social innovators’ capacity; and make investments.

The complete package—Mayor Park, the SMG’s attitude, Chun’s department, and the intermediary organizations—is what’s needed for social innovation in Seoul to thrive. And anyone who knows how an administrative system typically works should agree: Seoul’s system is itself a social innovation. ■

NOTES

- 1 Seoul Innovation Park was created as a hub to bring together ideas, people, and organizations in Seoul. The park hosts intermediary organizations such as Seoul Social Economy, Seoul Youth Hub, and Seoul Senior Support Center. By the time of its opening in 2015, more than 190 social ventures, NGOs, and other organizations had moved into the park.