

지역의 공유가치창출을 위한 기업 사회공헌활동과 공공사업 연계방안 연구

Cooperative Public Project Implementation with Privately-led CSR Activities

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SUMMARY

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Chapter 1. Introduction

Public projects have been consistently increased in the field of architecture and urban design. They include individual public facility projects that build up parks and plazas and they are also promoted in the form of packaged projects such as urban regeneration projects and local development projects. By implementing these projects, governments and municipalities are mainly supplying short facilities and improving the physical environment.

However, most of the public projects are focused on completing individual facilities and creating a space environment which limit the maintenance and uses of the improved facilities and space environment after the project completion. For example, a community building in the urban regeneration site or a park constructed by community development projects is neglected due to lack of budget or labor to manage them after construction completion. It is also difficult to maintain and manage various public projects that have already been promoted. More serious maintenance and use issues of this situation are expected as the number of public projects in this field are increased in

succession.

Post-management issues that public administration has been confronting appear in not only in overseas but also in other domestic fields. Various ways are being sought to overcome these public(administrative) limitations in the overseas countries as well as other fields in Korea. In recent years, ways to cooperate with third parties such as private and NPOs have been actively discussed rather than seeking sole public administrative solution. In fact, third parties act as 'new public' by participating in various ways in solving social problems with public administration.

Among them, enterprises with diverse resources such as budget, expertise and human resources are actively participating in solving community problems by receiving demands for creation of social value both internally and externally. These activities are mainly carried out in the form of CSR(Corporate Social Responsibility). Furthermore, public projects which had carried out by public administration solely have been linked with CSR that enterprises are pursuing to create social values in overseas countries or other fields. This produces positive results to create a social value in the region while it combines the various resources owned by the corporation and public administration. This also creates new value.

In the meantime, both public and private entities in the field of architectural and urban design in Korea have been burdened in cooperating together due to the controversy of special favors. However, as social members, enterprises are actively promoting CSR are emphasizing their role in creating social responsibility and value and it is time to consider enterprises' involvement even in public projects in our fields.

Therefore, this study seeks the ways that supplement shortage of budget, human resources, and expertise for sustainable management and uses of facilities and space environment after the public projects completion in the field of architecture and urban design.

Chapter 2. Necessity of linking CSR with public projects in the field of architecture and urban design

In Chapter 2, we looked at the concepts and trends related to CSR internationally and domestically. We also searched CSR activities in Korea and defined the characteristics

from those activities. Based on the analysis of the characteristics, we have raised the necessity of linking CSR and public projects as one of the alternatives to improve general issues in the major public projects in the field of architecture and urban design.

CSR activities started from simple donations since American enterprises had contributed to the Red Cross at the time of the First World War. In the mid-1900s, social criticism was widespread as local enterprises caused several issues such as exploitation of labor and waste oil emissions, etc. in the process of maximizing profits. Governments encouraged enterprises to legally sanction CSR activities. Since the 1970s, major international organizations like the United Nations(UN) and the Organization for Economic Cooperation and Development(OECD) have encouraged CSR activities when they need to maintain a symbiotic relationship with society for sustainable development.

In response to these social demands, enterprises have initiated CSR as part of obligatory and passive attitude such as donations in the beginning. However, after the advent of neo-liberalism standing for 'small government', 'big market', etc., the role of enterprises have been expanded and actively promoting CSR for a tool for marketing and risk reduction. Recently, CSV(Creating Shared Value) activities are being carried out to encourage enterprises to realize social values as part of their management activities rather than pursue CSR as a separate area.

Enterprises in Korea are trying to utilize indirect actions such as establishing statutes related to corporate sustainability management or establishing an indicator of social value creation in corporate management evaluation to promote CSR. Furthermore, some ministries such as the Ministry of Welfare and the Ministry of Culture and Tourism have established and implemented policies to promote CSR at the department level in relation to donations or sponsoring.

With such changes worldwide, budgets for CSR of enterprises in Korea are increasing. CSR activities from the fields of welfare, culture and arts, education are becoming mainstream as well as the range of activities is gradually diversified. Initially, the method of activities focused on supporting donations or in kind, but recently CSR utilizes the professional human resources and technology owned by enterprises. In other words, enterprises are promoting various public services that the public administration should provide in the form of CSR and budgets are increasing and the methods of activities are

diversified.

Meanwhile, there is a growing need for enterprises to participate in 'new public' in various public projects in the field of architecture and urban design city in addition to where traditional CSR such as welfare, culture arts and education are made. Actually urban regeneration projects, Sae-Tteul village projects and landscape projects have commonly appealed △ a problem of ensuring sustainable management budgets after the public projects, △ a project limitation by low capital investment by residents, △ the lack of local professional human resources, △ the limited ways for able enterprises to participate in local issues, etc. Participation and involvement from diverse entities is essential to improve the problems of budget, human resources and lack of expertise in building up public projects in the field of architecture and urban design or maintaining and managing facilities and space environment after completion of the project.

In this context, enterprises with many resources will be able to complement some of these public roles through CSR. As we have already surveyed, many enterprises already have self-funded CSR and are actively promoting CSR that show their own special expertise. This is also an element to be needed in our field.

The linkage of CSR with public projects in our field will be an opportunity for both entities to create common social values in local basis which will give new value to the community. In addition, if CSR linked with public projects in our field is promoted on a local basis, unspecified people who use local spaces could be beneficiaries and it will affect positively to the community as well.

Chapter 3. Conditions of linkage between public projects and CSR

As we have seen in Chapter 2, there is no separate policy direction at the ministry level to promote CSR in the our field. In Chapter 3, from the point of public administration, we will examine the linkage conditions between related policies, regulations and public projects, CSR. On the other hand, we conducted the analysis of CSR activities and questionnaires of enterprises to see the linkage conditions from the point of enterprises.

First, the only project that public administration implemented is the Sae-Tteul village project. Since 2016, Haitai Confectionery and the Construction Industry Social

Contribution Foundation have provided donations or in-kind donations individually to the project sites in Yangju, Sejong, and Kimcheon. The enterprises promoting CSR in our field received CSR related supports and incentives from "Industrial Development Law", "Small Business Promotion Act", "Corporate Income Tax Law" and "Income Tax Law" which apply to overall CSR activities. Although there are policy regulations to support CSR, those are not specified for promoting the public projects and CSR in our field yet. This means that official CSR participation process for enterprises has not been established.

Meanwhile, 47% of enterprises responded that CSR is unfamiliar area for them and that's why they don't promote CSR especially in our field. Other reasons to obstruct CSR implementation are listed as limitation of internal conditions, lack of awareness of employees, lack of relevant experts and support organizations and lack of information on CSR in our field.

Despite those conditions, 60% of private enterprises and 71% of public enterprises sympathized need of promoting CSR in our field. 62% of public enterprises and 29% of private enterprises expressed their resolution to introduce CSR soon. In fact, private enterprises such as Hyundai Card, Hyundai Motor and Samsung S1 have been actively engaged in CSR connecting public projects in our field for a number of years. In such a case, enterprises should not only support the budget but also perform activities including direct planning(Hyundai Card), consultation(Samsung S1) and facility maintenance(LH corporation). When enterprises do not have expertise, they carry out cooperative projects(Hyundai Motor Company, HUG) with able social enterprises.

According to the survey results, enterprises are already aware of the necessity of CSR in the field of architecture and urban design and have will of introducing CSR so there will be diverse chances to link with CSR. For this, public administration requires to establish supporting policy options and encourage enterprises to respond to participation demands.

Chapter 4. Domestic and international examples of policies and regulations for utilizing CSR in the field of architecture and urban design

Chapter 4 analyzes domestic and international policies and regulations that are being implemented to utilize CSR in our field. With analysis results, we provide policy and regulation suggestions that are able to apply to link public projects with CSR in our field.

As a result, 3 major suggestions that are significant in Korea have been drawn. They are based on researches and analysis of policies and regulations acted in other cities in Korea as well as the UK, Japan and the United States.

Characteristics of domestic and international policies and regulations related to CSR

Classification	Characteristics		
	1) Establishing policy direction for cooperation with enterprises and practicing public project contest	2) Providing guidance and support policies to promote voluntary CSR	3) Fostering and supporting specialized intermediation organizations
Cultural Heritage Administration(CHA), Korea	· Cultural assets preservation projects	–	· Organization and operation of public-private partnership system
EU/UK	· Green Paper · Report on Corporate Social Responsibility · 2011-14 New Strategy for CSR in Europe · 「Foundation Programme」, Westminster Borough	· UK BITC 「the Corporate Responsibility Index (CRI)」 · 「CSR PLUS TOOLKIT」, Leeds, UK	· Establishment of BITC, UK
Japan	· The new public policy of the Cabinet Office and the "new public support project" · 「Attractive City Strategies with private-public partnership」 and 「Improvement Project for Tennogi Park Entrance」, City of Osaka	· 「Certificate System of locally contributed enterprises」, City of Yokohama	· The new public policy of the Cabinet Office and the "new public support project" – Support for improving NPO's activities
US	· Federal Government's National Action Plan on Corporate Responsibility Management	· Federal Government's 「Global CSR Support Program」	· 「Plaza Program」, New York – Support for NPO + enterprise

The first characteristic is that the public administration is establishing policy directions on cooperation with enterprises and is pursuing a public contest in which enterprises can participate directly. Major countries in overseas cases actively support or mandate CSR.

The United States and Japan are encouraging voluntary CSR under the recognition that enterprises should contribute as a member of society. In the UK, enterprises are indirectly mandated by introducing a regulation that emphasizes a role of enterprise in CSR. Under these national and local policies, they practice public project contests to directly engage enterprises in public projects. Examples include pilot projects for the creation of a new public place promoted by the Cabinet Office of Japan and for corporate participation such as donation support projects. Other than these examples, the New York City's Plaza Program and the improvement project for Tennogi Park Entrance by City of Osaka are listed.

The second characteristic is that individual country operates an intermediary organization that can support CSR. This can be one of the support policies for enterprises that can not directly promote CSR projects. For example, in the case of the United Kingdom, an intermediary organization was established at the national level. The BITC, established by the Ministry of Trade and Industry in the UK, is an intermediary organization for CSR and has been supporting various enterprises that have difficulty in CSR. The New York City's Plaza program in the United States also provides NPOs with opportunities to do project planning and intermediate organization helps and supports by donations from enterprises in the city.

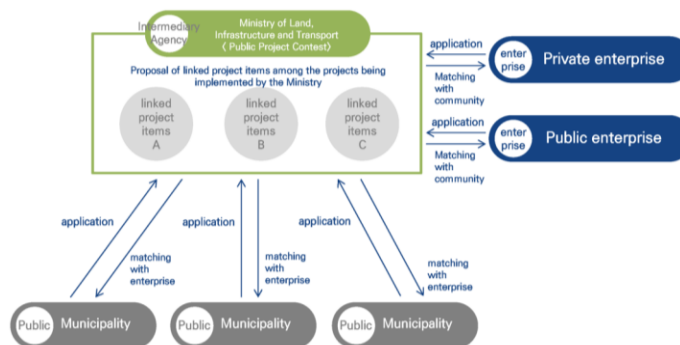
The third characteristic is that public administrations have various support policies to encourage voluntary CSR. In the United States, the Federal Government awards prizes to excellent enterprises and provides information for CSR activities. In Yokohama, Japan, the city operates a Certificate System of locally contributed enterprises. Namely, these programs play a role of supporting and promoting activities at the government and municipality level for enterprises actively promoting CSR.

In the UK, on the other hand, through publicizing the Corporate Responsibility Index (CRI) which is a quantitative measuring index of CSR activities, the government supports publicly and indirectly both enterprises that are actively involved and enterprises that are passively involved. With this index, the city of Leeds implements an additional support policy such as providing a "CSR PLUS TOOLKIT" that includes guidelines and examples for CSR activities.

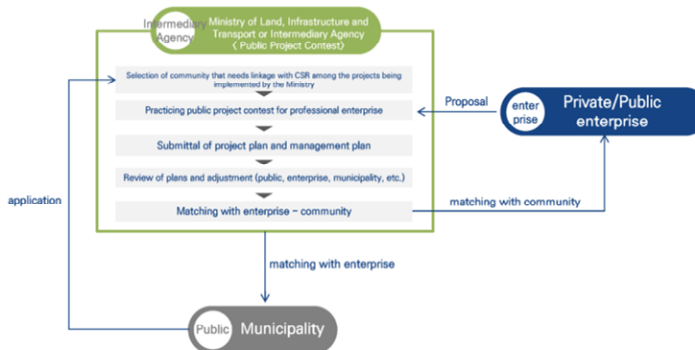
Chapter 5. Proposal for Linkage between public projects and CSR

Based on the results of the survey and analysis, we proposed three proposals to link the public projects and CSR as follow.

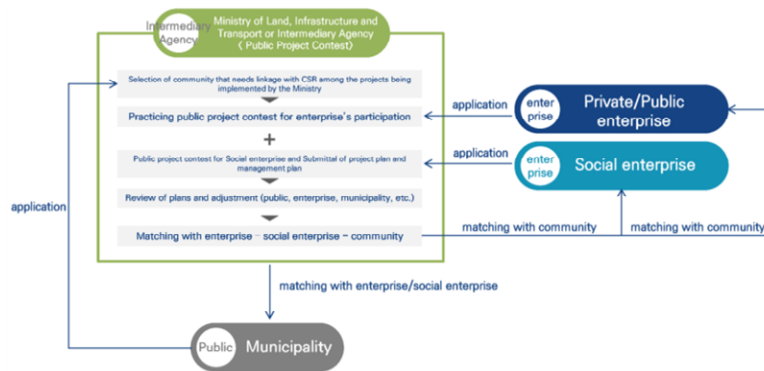
First, practicing public project contests is a way to open the opportunity for enterprises to participate in implementing public projects in our field as a form of CSR activities. Although enterprises are interested in CSR, they are not familiar with how they can start it. As one of policy supports, the public contest will be a great start to involve with CSR introduction. There are 2 ways of practicing the public contest proposed. According to a level of retention of expertise or a way of participation, the individual project contest could be the one way after finding out the items and presenting them to the enterprises. The other way requests a plan to cooperate with stakeholders in all stages from project plan to management.



Practicing public project contests – ALT 1



Practicing public project contests – ALT 2



Practicing public project contests – ALT 3

The second proposal is to operating intermediary agencies that link enterprises, the public administration and community. In terms of social contribution, an intermediary agency is required to partner with two entities in order to link the enterprises and community that needs CSR. It is difficult to propose a standardized linkage model because the type of each project and the resources needed are diverse. Therefore, as a specialist, an intermediary agency will find and develop a customized linkage model for each project and community. The method of operating the agency is divided into 2 ways. First, the Ministry of Land, Infrastructure and Transport operates the agency since the Ministry is the agent to implement the public projects. In this case, charged staffs in the existing project team can be assigned or a separate dedicated team for this work can be organized. Second, the outside professional organization operates the agency. When this method is selected, consigning related works to a specific expert organization or designating a couple of NPOs as an intermediary agency could be considered.

As a result of examining the strengths and weaknesses of each proposal, it will be easier to implement the methods in the order of Method 1> Method 3> Method 4 and Method 2 in terms of feasibility. However, in terms of securing expertise, it is desirable to pursue by Method 2, 3 and 4 rather than 1.

In summary, it will be easy to secure a dedicated workforce in each project team or division in the Ministry of Land, Infrastructure and Transport or to entrust related works to the outside professional organization to link the enterprise with the public projects within community in the short term perspective. However, in terms of securing

professionalism and operation, it should be promoted in the mid/long term by the method of appointing as an intermediary agency of NPOs in the community or a method of organizing a separate dedicated team for this work in the Ministry of Land, Infrastructure and Transport.

Operational proposals to link enterprises and communities

Classification		Strengths	Weaknesses
In charge of the Ministry of Land, Infrastructure and Transport	Method 1: charged staffs in the existing project team within the Ministry of Land, Infrastructure and Transport	<ul style="list-style-type: none"> - Easy to promote in the short term - Enterprises-community partnership based on a high degree of understanding of the project <p>(e.g.) 「Improvement Project for deteriorated houses with private-public partnership」, Department of Urban Renewal, the Ministry of Land, Infrastructure and Transport 「Improvement Project for Tennogi Park Entrance」, City of Osaka</p>	<ul style="list-style-type: none"> - Increasing individual work amount due to existing tasks and additional intermediary works - Inefficiency from duplicate staffs and work in the same department
	Method 2: dedicated team for enterprise-community partnering team within the Ministry of Land, Infrastructure and Transport	<ul style="list-style-type: none"> - Possible to link to CSR in various projects promoted by the Ministry of Land, Infrastructure and Transport - Integrate operation avoiding duplication and conflicts at the department level - Easy operation with a dedicated team consisting of highly specialized personnel is dedicated to the task of identifying and promoting social contribution and business items <p>(e.g.) Private-Public System, Cultural Heritage Education team, Cultural Heritage Administration(CHA)</p>	<ul style="list-style-type: none"> - The burden of creating a separate dedicated team - Need of the person's ability in charge of the overall project being promoted within the Ministry of Land, Infrastructure and Transport
Outside Professional agency	Method 3: Professional agency entrusted	<ul style="list-style-type: none"> - Same as Method 2 - Reduction of the burden of relocation of departments and human resources in the Ministry of Land, Infrastructure and Transport 	<ul style="list-style-type: none"> - Burden of consignment charge
	Method 4: NPOs designated as intermediary Agency	<ul style="list-style-type: none"> - Same as Method 3 - Budget reduction in the Ministry of Land, Infrastructure and Transport - Utilizing Sustainable management support center regulations in the Enforcement Decree of Industrial Development Act <p>(e.g.) Sustainability Management Support Center Arts & Culture Support Intermediary Organization</p>	<ul style="list-style-type: none"> - Difficulty to verify expertise of external organizations

The third one is to create a support policy for voluntary CSR. CSR is basically made by voluntary participation of enterprises. The proposal of the public project contest and the operation of the agency for this purpose was planned to establish a direct participation opportunity for the enterprises to engage in CSR in connection with the public projects. In addition, in order to provide a foundation for enterprises to continue to participate in CSR, a policy to induce such activities should be promoted. To this end, we proposed to set up a toolkit for promoting CSR in our field in order to present directions to enterprises with a willingness. In order to encourage enterprises, we also suggested the certification system for locally contributed enterprises. In addition, the publication with excellent cases, public relations and holding social contribution forums are considered to share various cases and establish a network among stakeholders.

Keywords :

Corporate Social Responsibility(CSR), Creating Shared Value(CSV), Social Value, Public Project, CSR Activities, Public-Private Partnership(PPP)