ORIGINAL ARTICLE

Online Portal 'Social Service Market': An Activation Strategy for the Social Service Market of Korea¹

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ABSTRACT

In Korea, social service has been introduced by the Korean government in the early 2000 as the last component of the nation's Social Security system. Despite the government's arduous efforts, the development of social service sector has been sluggish, and today the social service market lacks vitality. The primary cause of this problem is the government's control over social service prices; yet, the alteration of the price control policy cannot be a feasible solution to the problem. A 3-year-R&D project aiming at formulating a solution to the problem was proposed by the authors and approved by the Ministry of Health and Welfare. For the last two years, the authors have developed an online portal 'Social Service Market' and implemented various demonstration programs. By using the online portal, the authors have attempted to turn latent consumers and providers of social services into active participants of the social service market. So far, the attempt has been found successful; and the objectives and outcomes of the last years of project are discussed detail in this paper. During the remaining one year of the R&D project, the authors are to improve the online portal so that it serves the consumers and providers of social services as a limit free platform.

<Key-words>

social service, online portal, social service market, activation strategy

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I. Recent Developments of Social Service in Korea

Since the beginning of the 21C, Korea, like other welfare states, has faced the new social risks, namely: low birth rate, population aging, jobless growth and transition to knowledge-based socio-economic system (Yoon, et al., 2011). To address these risks, the Korean government began to pay a serious attention to social services in 2006 by forming a joint Task Force consisting of the Ministry of Strategy and Finance, the Ministry of Health and Welfare and the Presidential Advisory Committee. From the government's perspective, social service was viewed as a stone that could kill two birds: improving the quality of life of people and creating jobs (Yoo et. al., 2015).

Since 2006, the Korean government has introduced various policies to create social service industry. The first step was to expand the concept of social service. Before 2012, regarding the concept of social service, a wide range of definitions was being used (Yoon, 2010). The concept of social service became clearly and inclusively defined as the Framework of Social Security Act was amended in 2012. The new law defines social service as "a system that provides assistance to improve the quality of life of citizens, providing services in welfare, public health and medical aid, education, employment, housing, culture and environment for all citizens who need assistance from national and local government and private sector, guaranteeing the citizen's rights to maintain dignity of life through counseling, rehabilitation, caring, information, use of related institutions, skills development and social participation support" (Lee, 2013).

With this rather comprehensive definition including the concept of "life of dignity" (Nam, 2012), the government set a solid ground on which the provision of a wide range of services that enhance the quality of life not only of disadvantaged class but of all citizen became essential to complete the nation's social security system.

To expedite the growth of social service industry, the Korean government also introduced social service electronic voucher or e-voucher system in 2007. The e-voucher system allowed the government to monitor the provision and utilization of services at present time, and the reimbursement for service providers began to be processed electronically. Providing electronic voucher for those eligible for government funded social services, the e-voucher system expanded service options for the beneficiaries and brought market competition among social service providers (Ministry of Health and Welfare, 2012). Because of the e-vouchers, the service beneficiaries could use services of their choice, which created a social service market in which various social service providers compete to secure their consumers (Yang, 2015). The e-voucher system was applied only to 3 social services in 2007 (Kim, 2013a) and expanded by 2015 to entire services operated by the Ministry of Health and Welfare (Ministry of Health and Welfare, 2015).

In 2012, the Ministry of Health and Welfare changed from designated provider system to registered provider system to lower the barrier of entry for service providers.

Combined with the e-voucher system and other policies, this change has contributed to job creation and the growth of social service industry (Kang, 2012). As a result, between 2007 and 2015, the social service industry expanded significantly. For example, between 2007 and 2015, the budget for the social service programs of the Ministry of Health and Welfare, the most prominent social service providing ministry, increased by 755% from 187.4 billion to 1.41 trillion Won; the number of users increased by 327% from 358,000 to 1.166 million; and the number of providers also increased by 1,802% from 1,274 to 22,960 providers (Social Security Information Service, <http://www.socialservice.or.kr>). Based on such trend, it is predicted that social service market should continue to grow (Seo, 2013).

II. Problems in the Social Service Market: Lack of Vitality

Despite the expansions in the number of users and providers and in the size of program budget, the growth of the social service industry has been sluggish; and the social service market simply lacks vitality. The primary reason for this problem is the government's price control over social services (Yoo, 2014; Yoon, 2015). Currently, the prices of government funded social services are set by the government. Since the price is fixed, service providers rarely find incentives to produce a wide range of diverse services let alone costly but individualized high quality services. This causes more problems of the following nature.

First of all, in reality, the benefits of the government funded social services are available only for the poor, and the market has been forced to target only the economically disadvantaged class. The eligibility decision for the government funded social services is made based on means test result. The level of income standard of the means test is as high as 150% of the average household monthly income for some services, meaning that officially not only the low income class but also middle class are eligible for social services. In reality, however, the middle class rarely use social services. It is partly because the middle class has to make co-payment in order to use social services. But the main reason is that those services the middle and upper classes want to use are not available in the current market. Since the service prices are fixed, diverse and individualized high quality services that the middle and upper classes want to use are not produced. As a result, even today most of the social service programs of the Ministry of Health and Welfare (and other Ministries' programs as well) remain within the boundary of traditional social welfare services aiming at the economically disadvantaged people (Yoo, et. al., 2015). This works against the growth of social service industry.

Second, most social service providers remain in scale and lack professional expertise, which makes it more difficult for them as time passes to effectively respond people's diverse demand for social service (Choi, et al., 2014). The trend for social service demand, however, has changed. Today, the demand for diverse, high quality and time-consumption type services is increasing as a result of changes in consumption pattern and the expand

consumer rights (Choi, et al., 2014). Yet, the government's price control policy by nature has been forcing service providers to pay attention only to the quantity of services; service providers are forced to have adverse incentive not to improve the quality of services beyond a certain level (Yang, 2015) because producing quality services would lead them in the long run to be out of market under the current system. As a result, the content of most social service programs available now are limited to simple "care" services while people in fact demand a variety of services such as culture, leisure, public health, and healthcare, etc. (Park, et al., 2013).

Third, the social service needs of the middle class are not adequately addressed. Researches have shown that the middle class and the low income class have different service needs. The low-income class chooses social services primarily based on whether they could receive government financial support while the middle class chooses such social services to enhance and sustain their life as emotional/psychological support including counseling, healthcare and employment related support (Yoon, 2015). The needs for such services, however, are by and large neglected in the current market because as pointed out previously, social service programs are limited to low-cost simple care services.

In fact, the need for social services has been increasing sharply in Korea because in recent years the weight of life burden people felt have become heavier than ever before as Korea's economy has been falling into bottomless recession. Korea has recorded for the last 12 consecutive years the highest suicide rate in all age groups among OECD countries. One possible way of preventing the middle class from "crashing down" is to support them with proper social services to sustain their life. In this sense, vitalizing the current social service market to produce not only profitable services but also diverse and socially needed services is urgent.

III. Strategy to Address the Problems

1. Online Portal: A Key Ingredient of Solution

In considering the nature of the problem that the social service market facing, the most effective solution to the problem is to abolish or relax the price control policy. From the government's point of view, however, this approach is not feasible at least for the time being because relaxing the control over the price of the government funded social services may well cause sharp increases in the program budget. Therefore, alternative approaches to activate the current social service market without incurring addition cost to the government must be designed.

For this purpose, a group of researchers including the authors of this paper (hereafter referred to as the researchers) have come up with an online-based approach depicted in <Figure 1>. As shown in <Figure 1>, the researchers propose to develop an online portal and use it as a platform where latent users of social services meet with latent providers,

and the actual transaction of social services can take place.

Under the current social service market created by the government, people who have needs for certain services that are not available in the market remain as latent users. And as long as the government enforces the control over service prices, even those service providers who are capable of producing such services also remain as latent providers. If the latent users and the latent providers, however, identify the existence of the need for certain services and the willingness to produce and sell such services at specific prices, then they could become actual users and actual providers.

<Figure 1> Online Portal:

Platform for Information Exchange and Social Service Transaction

The proposed online portal is a platform where consumers and service providers exchange information regarding service needs, quality of services, feedback from consumers etc. Also, the online portal is going to create a market for those services that are not produced in the current e-voucher social service market and, therefore, are not subject to the price control. In such a market, service providers may well find incentives to offer diverse social services targeting to latent consumers and induce more latent consumers to the market (Yoo, et al., 2015). Offering more diverse services will attract more consumers to the market, and the expansion of the market leads service providers to compete for better qualities services so as to satisfy the needs of the middle class consumers who remain as latent user under the current market.

2. Social Service Market Activation: A Case of Online-Based Approach

In the followings section of this paper, an example of online-based activation strategy designed by the researcher is presented. Since 2014, the researchers have been conducting a 3-year-R&D project funded by the Ministry of Health and Welfare (MHW). The example strategy presented here is the preliminary results of the project. The MHW, in order to encourage researchers and social service professionals to do innovative

research and develop new, high value-added social services, began to provide R&D funding in 2010 (Kang, 2012).

Recognizing the importance of online platform as a tool for activating the social service market, the researchers proposed a R&D project to the Korea Health Industry Development Institute which manages the social service R&D of the MHW. The researchers' R&D project titled "Online-Based Social Service Program Development for Social Service Market Activation" was approved and started in September 2014. At present, the 2nd year study is in progress. The project is scheduled to end in August 2017.

In the project, in order to activate the social service market, the researchers have been focusing on three goals: 1) conducting a pilot program in which the researchers have explored the possibility of identifying a group of latent users with a need for specific social service and transforming them into actual users by providing the service they needed; 2) developing an online portal called 'Social Service Market'; and 3) creating an online-based limit free social service market that covers all members of society.

<Figure 2> Goals of the R&D Project

The project is composed of 3 years of study, and each year's study is interconnected to each other. The detail objectives and activities of each year are described in <Table 1>.

1) 1st year: identify latent consumers and providers by running a pilot program

The primary goal of the 1st project year was to identify latent consumers and provides of social services and to transform them into actual users and providers. For this goal, the researchers designed a demonstration program. First, the researchers focused on developing a set of service modules, and developed a total of 15 general service modules. Depending on the nature of needs and the characteristics of latent users, the researchers can design a best service program for latent users by combining the 15 modules.

The next step was to find latent consumers. The researchers targeted two groups of people; one was a group of middle income families with school age children. For the study, a total of 4 families were recruited. These families had difficulties in common in terms of parent-children relationship and spousal relationship. The other group was a group of

children and teachers from 4 different Local Children's Centers. The Local Children's Center provides after school services for low income family children. The researchers ran two camp programs, "Local Children's Center Jeju Island Camp" and "Jeju Island Family Healing Trip" one for each group. By running the two demonstration programs, the researchers intended to achieve two goals. One of them was to help program participants be aware that they had substantial needs for services. The other goal was to spread messages to service providers in the market that it was possible to combine existing social services such as tourism and family therapy and create a new high value-added service.

To evaluate the demonstration programs, need assessments and satisfaction surveys were conducted for the participants before and after the execution of the programs. In addition, a focus group interview was conducted for each group 3 months after the programs to investigate the effect of the demonstration programs on the participants. Study findings showed that the Jeju camp experience help the participants face up to the reality and understand that such services as individual/family counseling, stress management, emotional/psychological support, spousal relationship skill training, parental skill training might be useful for them.

Along with the demonstration programs, the researchers explored new financial resources for activating social service market. The researchers focused on the Corporate Social Responsibility (CSR) funds. For low income class (and even for middle income class as well), a wide range of quality social services meant nothing unless they had financial accessibility to them. Creating new service programs was one thing; enabling them to actually use those services was another. From the researchers' perspective, the CSR was viewed as the only solution. The researchers, therefore, have contacted a number of firms and businesses having CSR funds and explained them what their CSR funds could do for community. Many corporations have shown interest in the researchers' demonstration programs, and among them two decided to sponsor the two demonstration camp program.

In the course of working with CSR managers, it was discovered that there many corporations were willing to make contribution for community but most of their CSR managers had no or little CSR related experience or knowledge. To them, the demonstration program became a good example of how to do CSR. Having noticed this rather wide spread lack experience among CSR managers, the researchers created a webpage to advertise the R&D project and the demonstration projects, to provide examples and information on CSR, and to promote public awareness of the importance of social services.

<Table 1> Objectives and Tasks/Outcomes by Project Year

Year	Objectives	Tasks/Outcomes
Year 1	Conducting Social Service Needs Assessment (I)	Developed questionnaire to identify the needs of potential consumers and service providers Conducted social service needs assessment survey (N=300)
	Developing Project Website	Developed website to publicize(promote) demonstration program [www.essk.kr]
	Implementing Demonstration Program (I)	Identified target groups for demonstration program Developed 15 service modules Developed contents of demonstration program
		Implemented Demonstration (I) Wave 1 "Jeju Camp for Local Children's Center with EBS Sharing 0700" (8 teachers and 51 children from 3 local children's center participated)
		Implemented Demonstration (I) Wave 2 "Jeju Family Healing Trip" (Families of 4 staff members with social contribution responsibility in private corporations participated, N=15)
	Evaluating Effectiveness of Demonstration Program (I)	Conducted pre & post tests and focus group interviews (FGIs) Completed quantitative analysis of survey results Completed qualitative analysis of FGI results
	Developing Private Sector Resources	Mobilized financial support from 'Milal' Welfare Foundation for Demonstration Wave 1 (20 million KW) Recruited service providers to implement demonstration programs (Wave 1 & 2) Mobilized financial resources from private sector (10 counts) Conducted presentation to private organizations for promotion and publicity (4 times)
Year 2	Developing Web Portal	Signed MOU with DQM, Inc., a nonprofit organization to support portal development, and conducted training of research staff Developed a web portal and performed pilot testing (www.ssmarket.or.kr)
	Creating Web Portal Social Service Market	Collected information on social service providers Collected information on product quality and evaluation criteria Set up online payment system
		Conducted presentation to Local Social Service Support Agencies nationwide for web portal promotion and publicity (1 time)
	Conducting Social Service Needs Assessment (II)	Completed survey on social service public officials and social service workers in private sector (N=100)
	Implementing Demonstration Program (II)	Implemented Demonstration (II) (Wave 1 Healing Program for Public Employees, Wave 2 Family Relationship Enhancement, Wave 3 Policemen Refresh Trip with Tourbaksa, Corp.) Built network between potential service users and corporations with interest in social contribution (10 counts)
	Conducting Education & Training of Social Service Providers	Conducted training to potential service providers (i.e., young entrepreneurs starting social service ventures, N=20)
	Evaluating Effectiveness of Demonstration Program (II)	Conducted user satisfaction survey

Year 3	Testing & Improving	Run operational tests of web portal in collaboration with private sector organizations (e.g., collaboration with Microsoft Korea being planned)
	Operation of Web Portal	Upgrade web portal, develop additional functions and solutions to expand capacity
		Conduct survey to assess user satisfaction and collect feedback for website improvement
	Creating Web Portal-Based Social Service Market	Conduct presentation on web portal "Social Service Market" to web portal members Expand membership base to social service providers recognized in each service category, corporate CSR staff, SIGs
		Build database on social contribution
	Conducting Training of Social Service Providers	Conduct education and training to social service program facilitators
	Developing TQM Management System	Develop criteria to evaluate quality of service products and providers
		Develop procedures to evaluate quality of services
	Conducting Surveys on Project Participants	Conduct pre & post tests on participants of various demonstration programs Conduct satisfaction survey on collaborating/supporting/sponsoring organizations

2) 2nd year: develop online portal 'Social Service Market'

In the 2nd year, the researchers with a talent donation from an IT company called DQM developed a web portal "Social Service Market" shown in <Figure 3>. DQM was a small-sized but very active in taking pro bono role for nonprofit organizations and had much previous experience in designing online markets. The company provided vital technical support for the researchers.

Social Service Market (SSM, hereafter) serves as a limit free platform, that is, users of SSM can have access to it anytime anywhere. SSM allows current and latent consumers to search for services, find detail information such as customers' review on services/providers, send signals to service providers regarding their service needs, and purchase services. SSM also allows service providers to advertise their products and companies and to access to customers' feedback and their service need, which might lead them to new products.

SSM was designed to serve 4 different user groups: consumer groups, service provider group, CSR manager group, and SIA group (SIA group is also known as CSR related consultant group). Preliminary research on these groups revealed that the 4 groups had very different primary interests in SSM. In designing SSM, therefore, the researchers have attempted to take such differences into account.

The 1st year's the demonstration programs were modified and expanded for general applications. To find other latent consumer groups, need assessment surveys were conducted on emotional-labor workers including private sector social service professionals (e.g., social workers, nurses, professional care givers) and public employees (e.g., police officers, firefighters and local government employees) for assessing their need for social services. Survey results showed that they had various service needs especially for psychological and emotional support.

<Figure 3> Social Service Market

Three demonstration programs were conducted for three groups of latent consumers: public employee group, single-parent family group, and police officers and their family group. Together with the 1st year's demonstration programs, these three trials provided strong evidences that it was possible to turn latent social service consumers into active consumers as long as service providers tried to design new service programs that satisfy latent consumers' need.

Finding private sector resources was continued in in the 2nd year. By the end of the 2nd project year, a total of 10 CSR funds have been connected to needy groups. The range of private sector resources, however, was widened; the researchers have focused not only on searching CSR funds but also on training service providers. The aims of service provider training were to advertise SSM, change service providers' perspective, and update them with future changes in social service market. The result of a satisfaction survey on the participants showed that the training programs was successful in that many participants found the program as an opportunity to understand a new promising social service market.

3) 3rd year: complete SSM and evaluate the effect of demonstration programs and SSM

The 3rd project year has just begun in September 2016. The main tasks of the 3rd year are: 1) to make SSM be utilized as much as possible; 2) to evaluate the effect of SSM and the demonstration programs; and 3) to develop quality evaluation criteria for social services transacted via SSM as well as service providers.

For the first task, a series of information sessions will be held for various consumer groups, service providers, CSR companies, CSR consultants and local authorizes. As of September 2016, several companies including Microsoft Korea have already expressed

deep interests in SSM and pledged technical as well as substantial support for SSM.

To evaluate SSM and demonstration programs, before and after surveys, consumer satisfaction surveys and focus group interviews will be conducted for service users, demonstration program participants and their families and CSR companies sponsored the demonstration programs. The more SSM is to be utilized, the more service-related data are to be accumulated. Such data enable the researchers to develop service quality and provider quality evaluation criteria in the future.

IV. Summary and Conclusion

In Korea, social service, along with social insurance and public assistance, has become one of the main pillars of the social security system. Despite a series of policies effort of the government, the development of social service industry has been sluggish, and social service market has been losing vitality. Price control over social services by the government is the primary cause of the problem. But the problem has not been addressed because inflating the budget for social service programs is not politically feasible. Facing the new social risks, the middle class also has needs for social services. However, their needs have been by and large neglected in the current social service market created by the government funds.

Having recognized this easy-to-explain but hard-to-solve problem, the researchers proposed and have conducted a 3-year-R&D project to formulate a solution to the problem. The researchers have attempted to activate social service market by creating an online portal 'Social Service Market' and turning latent consumers and providers of social services into actual participants in social service market.

Throughout the last two years, the researchers have achieved many encouraging outcomes. The problem solving approach proposed by the researchers has been proved successful in that many latent consumers have realized that social services would help them improve the quality of their lives; and in that consumers, service providers and CSR companies have expressed deep interests in Social Service Market.

The R&D project is still in progress. During the remaining one year of the project, the researchers need to improve SSM so that it serves as an effective platform that enables consumers and providers of social services to exchange information and make service transaction in a limit free environment. Evaluating the effect of SSM is another challenging task the researchers are facing.

The researchers are sure that improved accessibility to information and convenient service transaction between consumers and providers lay a foundation for a virtuous cycle in which consumers' active search for social services will signal service providers to produce new and better services that satisfy the needs of consumers, which in turn draws more consumers' attention to SSM and provides strong incentives for latent service providers to start social service businesses.

The final outcome of this R&D project is to set such a virtuous cycle into effect by using SSM and ultimately transform the social service market into the one shown in <Figure 4>. And yet, successful activation of social service market depends not only on SSM but also on many other factors, many of which are beyond the realm of social policy. Many things, therefore, remain to be seen.

<Figure 4> New Social Service Marker Structure

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