

A Study on the Sustainability of Social Enterprises Focusing on Companies in the Field of Culture and Arts

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Abstract: Recently, measures for successful settlement and sustainability of social enterprises have become an important topic. Accordingly, researches related to social enterprises are increasing, but studies measuring sustainability are still insufficient. In this study, in order to seek the sustainability and development of social enterprises in the field of literature and arts, a theoretical model for the sustainability of social enterprises in the field of culture and arts was presented. To this end, interviews were conducted with social enterprises in the field of culture and arts, and the results were analyzed to derive the concept and categorization of sustainability of social enterprises in the field of culture and arts. In addition, the integration between the derived categories is illustrated. For a social enterprise in the field of culture and arts to be sustainable, differentiated culture and arts services are important, and each company must constantly strive for its mission and vision, and a differentiated branding strategy unique to companies is required. This research is expected to lay the foundation for empirical research on social enterprises in the culture and arts sector as data for entrepreneurs and prospective entrepreneurs who run social enterprises in the field of culture and arts.

Keywords: Social enterprise; Sustainability; Culture and arts; Ground theory methodology

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1. Introduction

Social enterprises have been discussed in Korea since the unemployment problem emerged as a serious social problem after the foreign exchange crisis in order to heal the increased unemployment and the resulting poverty while providing jobs to the socially vulnerable. At that time, the social job project implemented by the government as a national alternative to realize a welfare society was not able to provide good jobs to the people because it focused only on funding from the national government, so the need to provide quality jobs that can generate profits while providing social services emerged through the introduction of social enterprises, which are gaining prominence in the United States and Europe ^[1]. In response, the government enacted the ‘Social Enterprise Development Act’ in 2007 to institutionalize and systematize social enterprises, and interest in social

enterprises has been increasing in recent years, not only from the central and local governments but also from academia ^[2].

As social enterprises have been presented as a good alternative to achieve economic independence by pursuing economic sustainability and management techniques like general for-profit enterprises while pursuing social value^[3], the establishment of social enterprises in the field of culture and arts will not only provide artists with the opportunity to become self-sustaining, but will also be a very good opportunity to create stable jobs if the operation is done well. In particular, the number of social enterprises in the arts and culture sector has increased from 11 in 2008 to 275 as of December 2020, accounting for 9.9% of the total 2,777 social enterprises in Korea^[4]. However, it is very difficult to judge the performance of social enterprises in the arts and culture sector based on the quantitative development in line with the government's policy support. This is because the productivity of organizations in the cultural sector can be stagnant due to the characteristics of the service industry, where human labor that cannot be replaced by machines or other factors is used in the production process, and it is not easy to expect businessability or profitability due to the high proportion of labor costs due to the input of specialized personnel ^[5]. Therefore, it is necessary to identify the current status of social enterprises in the cultural sector and set effective policy directions for the sustainability of these organizations in order to develop them qualitatively. Social enterprises are characterized as mixed organizations that pursue profits and realize social purposes, and in order to pursue both goals simultaneously, they need to secure sustainability without relying on government support ^[5].

Recently, research on social enterprises has been increasing as measures for the successful establishment and sustainability of social enterprises have become an important topic. Since 2009, studies have been conducted by the Ministry of Employment and Labor and the Korea Social Enterprise Promotion Agency to analyze the performance status of social enterprises, and there is a gradual trend toward empirical analysis. However, since the studies are focused on analyzing the overall status and performance, there is a lack of research from various perspectives, and there are few studies that explore sustainability to explore the direction of development. In the study by Youngbeom Lee et al ^[6], the importance of securing each company's own identity, strategy, and public relations marketing in addition to economic and social factors is revealed through a grounded theory approach to the sustainability of social enterprises, but it is difficult to generalize the results of the study to the cultural and arts sector because the research integrated the industries of social enterprises such as social services, manufacturing, and the environment to derive a sustainable development model from an overall perspective. In addition, previous studies on the sustainability of social enterprises in the arts and culture sector ^[7-9] have limitations in that most of them focus on the operational status of organizations through literature surveys or case studies, and are limited to quantitative studies that quantify the performance and success factors of social enterprises ^[3, 10-11]. In this context, this study aims to propose a strategy model for the sustainability of social enterprises in the cultural sector that considers the specificities of the cultural sector in order to explore the sustainability and development of social enterprises in the cultural sector, which have difficulties in evaluating and strategizing performance and sustainability due to the unique characteristics of the cultural sector. For this purpose, we will apply grounded theory, one of the qualitative research methods. Grounded theory is a type of qualitative research that aims to derive a theory that can comprehensively explain the development process of the phenomenon of interest or the interaction of the participants ^[12].

The purpose of this study is to design a strategy model for creating sustainable performance of social enterprises in the cultural and arts sector, to provide practical suggestions for the sustainability of social enterprises in the cultural and arts sector, and to suggest policy implications to redefine the direction of

government support for social enterprises in the cultural and arts sector. This study can be used as a reference for entrepreneurs who are operating social enterprises in the field and for prospective entrepreneurs who are preparing to start social enterprises in the field, and it can lay the foundation for empirical research on social enterprises in the field.

2. Theoretical reflections

2.1. Social enterprise and social enterprise in the cultural sector

2.1.1. Concept and characteristics of social enterprise

The definition of social enterprise covers a wide range of areas and is defined differently by different fields of study and scholars. The social enterprise unit of the UK Department of Trade and Industry^[13] defines a social enterprise as “a business with a social purpose as its priority, where the surplus of the business is reinvested in the business, or in the community, rather than being used to maximize profits for shareholders and owners”^[13]. According to the Ministry of Employment and Labor, “a social enterprise is a company (organization) that conducts business activities such as the production and sale of goods and services while pursuing social purposes first.”^[3] In addition, the Social Enterprise Development Act defines a social enterprise as “an organization that is certified by the Minister of Employment and Labor as a company that conducts business activities such as the production and sale of goods and services while pursuing social purposes such as providing social services or jobs to vulnerable people and improving the quality of life of local residents.”^[4] A social enterprise is an organization that is certified by the Minister of Employment and Labor. Unlike for-profit companies that pursue profit for shareholders or owners, social enterprises are different in that they pursue social purposes as the main purpose of the organization, such as providing social services and creating jobs for vulnerable people^[14]. Luke and Chu^[12] defined social enterprises as “enterprises that exist for social purposes and utilize market-based technologies to achieve these purposes.” The difference between social enterprises and nonprofit organizations is the adoption of commercial operations.

A social enterprise in the field of cultural arts can be defined as an organization that provides social services based on cultural activities and creates jobs for cultural artists^[11] and conducts commercial activities for the survival of cultural arts workers while pursuing social purposes.

It can be defined as an organization that conducts for-profit activities for the survival of cultural workers in the field of cultural arts while pursuing social purposes^[14]. In this study, we define a social enterprise in the field of culture and arts as “a company that provides social services centered on cultural activities such as music, art, performance, comprehensive arts, traditional culture, and local culture, and conducts commercial activities in pursuit of social purposes such as job creation.” Based on these definitions from previous studies, social enterprises are independently operated companies that pursue social purposes and adopt the basic operating principle of reinvesting profits in the community. Social purpose here can be said to be the pursuit of public values, such as social services, job creation, or local public interest, rather than the pursuit of profit, and the achievement of social purpose is the performance of social enterprises, which is the biggest factor that can distinguish social enterprises from general enterprises.

Table 1. Definition of a social enterprise

Source	Definition
UK Department of Trade and Industry (DTI) ^[13]	A social enterprise is a business that prioritizes social purpose, where surpluses are reinvested in the business or community rather than being used to maximize profits for shareholders and owners.
Department of Employment and Labor ^[23]	A social enterprise is an intermediate form between a for-profit company and a non-profit company that conducts business activities such as the production and sale of goods and services while pursuing social purposes first.
Korea Social Enterprise Promotion Agency ^[3]	The Social Enterprise Promotion Act defines a social enterprise as an organization certified by the Minister of Employment and Labor as a company that conducts business activities such as the production and sale of goods and services while pursuing social purposes such as providing social services or jobs to vulnerable people to improve the quality of life of local residents.
Luke and Chu ^[12]	A social enterprise is a company that exists for a social purpose and utilizes market-based technologies to achieve this purpose.
Kwon Soon-Bong et al ^[11]	A social enterprise in the field of culture and arts is a company that provides social services based on cultural activities, pursues social purposes such as job creation, and conducts commercial activities for survival at the same time.
Ryu, Jung-A ^[14]	A social enterprise in the field of culture and arts is defined as “a company that pursues social purposes such as providing social services and creating jobs based on cultural arts activities such as performance, music, art, comprehensive arts, traditional culture, and local culture, and conducts profit-making activities. A company that pursues social purposes such as providing social services and creating jobs

2.1.2. Current status and characteristics of social enterprises in the cultural arts sector

Since the Social Enterprise Development Act was enacted in 2007, the number of social enterprises in the cultural arts sector has increased from 11 in 2008 to 275 as of December 2020, accounting for 9.9% of the total 2,777 social enterprises in Korea ^[4]. According to a survey by the Korea Social Enterprise Promotion Agency^[4], the number of social enterprises by region is Seoul had the highest number of organizations with 518 (18.7%) and Gyeonggi had 480 (17.3%), while Sejong City had the lowest number of organizations with 16 (0.6%). By type of social purpose, 1,834 (66.1%) were for job provision, followed by 354 (12.8%) for other (creative and innovation), 212 (7.6%) for community contribution, 201 (7.2%) for mixed, and 176 (6.3%) for social service provision. By service sector, 1,523 (54.8%) were in other sectors, followed by 275 (9.9%) in culture and arts, 252 (9.1%) in education, 247 (8.9%) in cleaning, 126 (4.5%) in social welfare, and 122 (4.4%) in environment. The large proportion of social enterprises in the arts and culture sector is due to the fact that social enterprises in the arts and culture sector are required to pursue social purposes such as job creation and local economic development, and to operate in an entrepreneurial manner^[10].

Recently, interest in social enterprises in the field of culture and arts, which can have a positive effect on performing arts organizations and the culturally marginalized through various public service activities related to culture and arts, continues to increase, and social enterprises in the field of culture and arts can provide jobs for artists and contribute to the community.

Most social enterprises in the arts and culture sector are promoting multiple businesses that utilize the creativity of the arts and culture, and often operate in a mixed form with other sectors ^[14]. According to the 2011 Arts Management Support Center Data Book1, social enterprises in the arts and culture sector differ from arts organizations in terms of legal status, operating values, organizational management, finance, and business. While arts organizations have flexibility in organizational management, such as artistic value orientation and artistic ties, social enterprises emphasize systematic organizational management while providing social services [Table 2].

Table 2. Arts organizations vs. social enterprises in the arts and culture sector

Item	General arts organizations	Social enterprise in the arts
Legal entity	Discretionary organizations	Nonprofit corporations and organizations
Entity Operating value	Artistic Achievement	Arts as a social service
Organizational operations	Running a loose organization Absence of labor contracts Emphasis on artistic ties	Organizing by Rules and Systems Labor contracts Emphasis on entrepreneurship and democratic processes
Finance	High reliance on public support Resin-oriented	Financial diversification orientationPursuit of profitability, sustainability, and growth
Business	Concentration on single-purpose businesses Focus on individual business	Brand expansion and business diversification Focus on annual business

Source: Arts Management Support Center (2011), Social Enterprise Certification Briefing Materials for the Arts and Culture Sector

Unlike general cultural organizations, social enterprises are becoming a realistic alternative for cultural artists in terms of economy, as they are efficiently operated by pursuing profitability and corporate management methods ^[9]. As such, social enterprises in the cultural field are growing quantitatively, and the importance of social enterprises in the cultural field is being emphasized, so related research on social enterprises in the cultural field is very important, but there are relatively few studies on social enterprises in the cultural field compared to other fields. Therefore, this study focuses on social enterprises in the field of culture and arts and aims to study their sustainability.

2.2. Prior research on social enterprises in the cultural sector

Although there are no studies that mention direct causes for the sustainability of social enterprises in the field of culture and arts, we can infer variables for the sustainability of social enterprises through studies that mention the success factors of social enterprises in general. Lee Kwang-woo ^[15] studied the success factors of sustainable social enterprises and identified six factors that affect the success of social enterprises: strategic factors, social entrepreneurship, management capabilities, organizational factors, business environment, and social networks, and verified the correlation between these factors and the success (performance) of social enterprises. The results showed that strategic factors, social entrepreneurship, organizational factors, business environment, and social network factors have a significant impact on the success of social enterprises. Jonathan and Tracey ^[16] suggested that the tension between investment, economic activity, and social action is what makes social enterprises sustainable. They proposed three distinct and comprehensive strategic options for social enterprise sustainability. These options are: distinguishing between social and commercial work, integrating social and commercial work, and collaborating with for-profit organizations. These options imply that it is important to distinguish between the capacities and relationships within an organization and how they increase the autonomy of social enterprises. In short, the key variables related to the transformation of nonprofits and social enterprises are institutional, organizational, and external environmental factors. Furthermore, the dependence of social enterprises on government can be an additional factor to consider when considering increasing the autonomy of social enterprises, and the importance of social enterprises is increasing over time because they can play a variety of positive roles within local communities, such as service delivery, job creation, and social initiatives. However, social enterprises face many financial challenges and will need to consider different ways to generate revenue, and for this reason, reliance on government may be an inevitable option in the early stages of social enterprise.

Social enterprises have the potential to be adapted and adapted to suit local needs and culture^[17], meaning that their sustainability must be considered within the context of the organization's internal and external environment and its relationship with the government. Social enterprises provide one model for nonprofits to increase their revenue while maintaining their mission^[18], but they are not an applicable or viable model when accompanied by validation of their sustainability.

Research on social enterprises in the field of culture and arts has a relatively short history, and in the early years, research was centered on the current situation and case studies^[7,13], and in recent years, attempts have been made to verify associations and correlations through statistics and information accumulation, and to analyze success factors^[8,10-11]. In a study by Park et al^[3], entrepreneurship of social enterprises in the field of culture and arts was divided into five sub-factors: innovativeness, enterprising, risk-taking, social value orientation, and job expertise, and each factor influenced the sustainability factors of social enterprises, economic foundation and environmental acceptability, through quantitative research. In addition, Lee et al^[6] viewed sustainability² as an important meaning of social enterprise success, and considered it to be the continuous fulfillment of social missions through profit generation.

The characteristics of the success factors of social enterprises in the previous studies are summarized as follows [Table 3].

Table 3. Characteristics of success factors of social enterprises in the cultural sector

Research	Characteristics of social enterprise success
Lee, Kwang Woo (2008) ^[15]	Strategic factors, Social entrepreneurship, Management capabilities, Organizational factors, Business environment, Social networks
Jonathan & Tracey (2010) ^[16]	Tensions between investment, economic activity, and social action
Weisbrod (1997) ^[18]	The organization's internal and external environment and relationship with government
Choi, Yoojin (2014) ^[8]	Social entrepreneurial factors, strategic factors, environmental factors
Jang, Gu-Bo (2017) ^[10]	Managerial and strategic factors, general and artistic competence factors, organizational factors, socio-environmental factors including government support and networks
Kwon, Soon-Bong et al (2016) ^[11]	Entrepreneurship, artistic competence, and social orientation
Park, Jin-Ah et al (2016) ^[3]	Innovativeness, enterprising, risk-taking, social value orientation, job expertise
Lee, Young-Beom et al (2016) ^[4]	Maintaining organizational identity, products/services for economic return Competitiveness and marketing

The characteristics of success factors that are common in previous studies of social enterprises in the arts and culture sector are social entrepreneurship, organizational environmental factors including social enterprise identity, and economic returns aimed at social value. Since the success of social enterprises in the field of culture and arts has many intangible factors and it is not easy to generate profits in a short period of time, it should be viewed from the perspective of sustainability that considers all of the above success factors. Therefore, this study aims to examine the success of social enterprises in the arts and culture sector from the perspective of sustainability in line with the previous studies.

2.3. Sustainability of social enterprises in the cultural sector

Corporate sustainability refers to the continuous maintenance and long-term growth of the organization's purpose and activities by utilizing corporate resources^[19]. Looking at the general meaning of sustainability, it

should be able to perform in the three aspects of sustainability: economic, social, and environmental aspects, and it should be able to make economic profits along with social responsibility and environmental soundness ^[20]. Social responsibility can be achieved by solving the problems of the current society through corporate activities, and environmental health can be achieved through sound entrepreneurship and continuous improvement of the working environment to maintain the sustainability of the company. Social enterprises can also be more sustainable when they align their financial performance with the interests of the communities they serve.

However, while the above definition of sustainability is applicable to for-profit enterprises because they ultimately aim to grow and survive financially through profit, it is difficult to evaluate sustainability of social enterprises based on financial performance such as profit. This is because the ultimate purpose of social enterprises is to solve social problems and create social value. In particular, social enterprises in the field of culture and arts must have a clearer purpose than other social enterprises because they often operate through intangible art-based activities rather than producing tangible physical goods.

From this perspective, sustainability of social enterprises in the arts and culture sector is the pursuit of social value through solving social problems while utilizing the resources of the enterprise to achieve economic goals. Since social enterprises are companies that realize both economic and social goals, both economic and social performance should be considered when discussing the sustainability of social enterprises in the cultural sector ^[21].

Previous studies on sustainability of social enterprises in the cultural sector have presented several problems related to performance indicators that are directly related to sustainability. First, compared to other social enterprise sectors, social enterprises in the field of culture and arts are often non-profit organizations, so it is difficult for them to maintain their corporate identity and stable financial operations while pursuing both ‘social value’ and ‘economic profit creation’ after converting to social enterprises ^[22].

In addition, despite engaging in various collaborative activities through culture, there is a lack of social awareness of the role and value of social enterprises in the field of culture and arts, which limits their ability to expand their activities as social enterprises and create continuous demand ^[5,23].

Looking at previous studies that have proposed sustainable measures to solve the problems of social enterprises in the field of culture and arts, Lee ^[24] proposed institutional support for sustainable management through interviews with dance companies certified as preliminary social enterprises in [Case Study on Sustainable Management of Preliminary Social Enterprises in the Field of Dance and Arts]. Based on the interviews, the researcher pointed out that the current social enterprise system provides support for product development and distribution, but there are limitations in the distribution of performances or cultural services by creative arts organizations. As a complement to this, the researcher suggests that professional consulting tailored to the characteristics of artistic organizations (dance companies) is required from the establishment stage, and that more specific business models should be established to increase sustainability as a social enterprise.

In 2013, Jang Gubo and Yang Junho ^[10]’s [Suggestions on the Sustainability of Social Enterprises of Professional Arts Organizations: Focusing on the Survey of Social Enterprises of Professional Arts Organizations] divided the factors affecting the sustainability of social enterprises into management and strategic factors, social entrepreneurial capabilities, organizational factors, and social and environmental factors, and analyzed the effects of these factors on economic and social performance for 62 (non) social enterprises registered as professional arts corporations in 2011.

On the other hand, a 2014 study by Kim Myung-hee ^[25], “Analysis of Success Factors of Social Enterprises in the Craft Sector: Focusing on the Case of Industry Craft in India,” shows that social enterprises in the craft sector can be sustainable like commercial enterprises and can grow into global enterprises. In particular, the

sustainability of social enterprises in the arts is a result of a combination of various factors, including appropriate strategies according to the growth period of the organization (social enterprise), innovative management such as value creation centered on the social mission of stakeholders and learning culture within the organization, and establishing specialized business strategies without relying on government subsidies as success factors.

As we have seen, social enterprises can be sustainable when they are socially responsible, environmentally sound, and economically profitable. This requires support to develop business models that address social issues, including social missions, and to create a healthy organizational culture and work environment. In addition, efforts should be made to connect social enterprises with the communities they serve, so that both organizations and communities can develop together.

3. Research methodology

This study utilized a qualitative research method to build a strategy model for sustainability of social enterprises in the cultural sector. Qualitative research is a research method suitable for in-depth understanding and interpretation of the experiences, behaviors, phenomena, events, etc. of research participants and is suitable for exploring natural phenomena that are not artificially manipulated ^[26].

Among the qualitative research methods, this study chose the grounded theory methodology ^[27], which is an exploration of a series of processes by identifying the causal and situational context centered on a phenomenon, because it was determined that in exploring strategies for sustainability of social enterprises in the cultural arts sector, it is necessary to specifically identify and understand the current operating status of the enterprises and how economic and social performance and environmental factors interact.

In order to conduct in-depth interviews, a preliminary survey was conducted to collect information on social enterprises and practitioners in the cultural arts sector to select interviewees, and a semi-structured questionnaire was developed to conduct in-depth interviews. Based on the collected interview data, the researcher used grounded theory methodology to categorize the central phenomena and processes of sustainable development of social enterprises in the field of culture and arts and to derive core meanings by diagramming the contextual relationships that emerge in this process. The specific research procedures were as follows.

3.1. Selection of participants for in-depth interviews

The selection method of participants in this study was theoretical sampling based on the concepts derived from the data according to the data selection method of grounded theory methodology. In-depth interviews were conducted with representatives of social enterprises in the arts and culture sector among social enterprises certified by the Ministry of Employment and Labor. The interviewees were W, a social enterprise that has been planning and operating art education involving artists and providing a platform for artists and the public to communicate since 2013, and C, a social enterprise that was certified as a social enterprise in 2016 and has been hosting performance planning and events for the purpose of enjoying various cultural programs through collaboration with government agencies, Social enterprise L, which is creating a local cultural research and local creator platform with local artists based in the Gyeonggi region in 2018; social enterprise E, which is developing and operating performances and art education programs based on books for children and adolescents; and finally, social enterprise A, which was certified as a social enterprise from a pre-social enterprise in 2020 and is planning and operating art education contents in collaboration with university institutions. The in-depth interviews were conducted one-on-one for about two hours and were recorded after obtaining informed consent. The general

characteristics of the interviewees are as follows [Table 4].

Table 4. General characteristics of in-depth interviewees

Separation	Region	When to authenticate	Industry	Type	Interviewer Positions
Social EnterpriseW	Seoul	2013	Arts & Culture	Other (Creative and Innovative)	Representative
Social Enterprise C	Seoul	2016	Arts & Culture	Social Service Provision	Representative
Social Enterprise L	Gyeonggi	2018	Arts & Culture	Social Service Provision	Representative
Social Enterprise E	Seoul	2010	Arts & Culture	Other (Creative and Innovative)	Representative
Social Enterprise A	Seoul	2019	Arts & Culture	Other (Creative and Innovative)	Representative

3.2. Data collection and analysis

The data collection was done through interviews and notes, operational reports of social enterprises, and observations, triangulated with observations. Prior to the on-site interviews, the researcher explained the researcher's research through phone calls and emails in order to create a natural atmosphere with the participants. The on-site interviews were conducted on a one-on-one basis, and a semi-structured questionnaire was used to facilitate the interviews. The main content of the questionnaire consisted of the current operation status and main business or service of the social enterprise in the cultural sector, financial and social performance, institutional support, and strategies for the survival and sustainability of the enterprise, and the specific structure of the questionnaire is as follows [Table 5].

Table 5. Organize questions

Who we are	Performance and operational/management intervention factors	Strategies for sustainability
Industry & Organizational Structure	Description of successful business or service	The organization's desire for longevity and sustainability
How we got started	Financial and social value performance	Strategic differences from typical social enterprises
Main business and services	Constraints and crises in the operation process and how they were overcome	Availability of domestic and international role model organizations
Years in operation	Institutional support from government, local government, etc.	Future self-sustaining operation Possibility and strategy

All the collected data were transcribed for analysis, and the transcribed data were analyzed using the principle of constant comparative analysis ^[28], which is a process of forming scattered raw data into more meaningful information through continuous comparative analysis. According to these principles, the researcher conceptualized the raw data by reading and analyzing the raw data line by line, deriving the meaningful units that emerged, and conceptualized the conceptualized data into more meaningful categories by iterative comparative analysis, and elaborated the categories by comparing the concepts and categories with each other.

The data were analyzed through the procedures of open coding, axial coding, and selective coding using the grounded theory method ^[28]. In open coding, concepts, subcategories, and categories were derived based on the evidence obtained from the in-depth interviews. In axial coding, we tried to present a paradigm model by connecting the categories to a specific structural framework, and we tried to build a theoretical model by

presenting the integration between the categories as a visual model, such as a picture or a schematic. In addition, to ensure the validity and reliability of the research, three of the research participants were subjected to a member check process to confirm the accuracy and errors of the research conclusions, and the truthfulness and rigor of the research were ensured through peer debriefing.

4. Analysis results

4.1. Open coding

This study aims to explore the model as a way for sustainable development of social enterprises. To this end, after analyzing the contents of in-depth interviews conducted with social entrepreneurs in the field of culture and arts who are participants in this study, open coding was used to initially categorize the data, and then through an iterative comparative analysis process, concepts and categories were named and categorized among similar concepts. As a result, 17 concepts, 14 subcategories, and 9 categories were identified [Table 6].

Table 6. Concepts and categorization of sustainability of social enterprises in the cultural sector

Concepts (Content)	Subcategories	Categories
Desire to continue business operations independent of government support. Desire to continue to operate regardless of government support.	Desire to sustain social enterprises	social enterprise Desire for sustainable development
Desire to create business and jobs for artists. Want to impact artists and culture and arts majors who exist outside of the institutionalized art world arts and culture majors who exist outside the system. Desire for a successful model Striving to create a short-term model for social enterprise in the arts and culture sector.	The desire to discover and realize social value in arts and culture businesses	
Transitioning from a funded business to launch. A business that receives startup support and converts to a social enterprise after being connected to a prospective social enterprise.	Launching a social enterprise conversion from a support project	Launching a social enterprise
Lack of social enterprise mindset. Lack of understanding of running a business that is fundamentally a social enterprise, even though the business is related to culture and arts.	Lack of understanding of social orientation of organization members	Department of Work Performance and Human Resources
Formal and administrative policies. Lack of customized consulting or management systems based on each company's characteristics. Management consulting centered on reports and theories. Attitudes of the Ministry of Labor that emphasize only formal and administrative practices.	Inadequate government support policies	Culture and Arts Cultural cultural characteristics institutional support
Manufacturing/production-oriented policies. The institutional system of early social enterprises is centered on manufacturing and productive industries. Job creation-oriented policies. Social enterprises are biased toward job creation.		
Lack of business role models. Difficulty finding business role models for social enterprises specialized in the arts and culture sector.	Lack of role models	Lack of companies/ networks specialized in culture and arts
Human composition with diverse backgrounds. Organization members have diverse fields of study and careers.	Diverse human resources	Organizational Culture
Establishing a place of mutual understanding among employees. Weekly meetings and 1:1 interviews to improve understanding and awareness of roles among employees.	Culture of participation and communication among employees	

Table 6 (Continued)

Concepts (Content)	Subcategories	Categories
Leverage leaders' areas of expertise. Expand and leverage your leader's network of specialties.	Efforts Leverage leaders' networks and artistic abilities	Social Entrepreneurship spirit
Striving to create a sustainable work environment for organization members. Consider the office environment and the long-term work environment of organization members.	Leader's sense of responsibility	
Know your company and market. Identify current market issues and past problems to revise and supplement future business plans.	Market research and company status	Understand the company and market
Adopt a clear business purpose. Plan specific financial goals and develop a business model.	Plan financial/business goals	Achieving social enterprise goals
Explore your organization's position and sustainability as a social enterprise. Always think about your mission and vision to ensure you don't lose sight of your role as a social enterprise and your social orientation.	Prioritize the values and vision of the social enterprise	
Engage with the local community to fulfill your social purpose. Constantly communicate with the local community to contribute to community development, which is one of the roles of a social enterprise.	Maintaining solidarity with the community	

4.2. Axial coding

Axial coding refers to the process of linking categories into a specific structural framework in order to understand the relationship between the categories generated through open coding. According to Strauss and Corbin ^[28], a paradigm consists of causal conditions, contextual conditions, mediating conditions, behaviors and interactions, and outcomes. The process of identifying and describing these elements is the core task of axial coding, and the process of relating other categories to the central category is accomplished by the paradigm method. Therefore, based on the analysis so far, the paradigm for sustainability of social enterprises can be constructed as follows.

4.3. Selective coding

In selective coding, core categories are selected and elaborated by relating the selected core categories to other categories to connect, integrate, and elaborate the relevance between categories. Here, categories that are more abstract than the concepts or categories generated from open coding and axial coding are called core categories. In selective coding, consolidation refers to the development of thought that occurs as the researcher analyzes the raw data, and this consensus process can be achieved through the selection of core categories, outlining the story, and presenting visual models ^[29].

5. Conclusion

The purpose of this study is to explore strategies for the sustainable development of social enterprises in the cultural sector. For this purpose, in-depth interviews were conducted with five representatives of social enterprises in the performing arts genre and the contents were analyzed using the grounded theory methodology. The analysis resulted in a conceptualization and categorization of the sustainability of social enterprises in the field of culture and arts, and an integrated model was presented to illustrate the relationships between the categories.

As a result of the study, the interviewees discovered the social value of cultural and arts projects and launched social enterprises, and in some cases, they first conducted state-supported projects and then converted to social enterprises and launched them. Currently operating for an average of six years, the representatives expressed a desire for the sustainable development of their enterprises.

Although it can be said that they took full advantage of state institutional support at the beginning of their operations, there are limitations to their sustainable operation, as the support is focused on labor costs or does not reflect the business structure and operational characteristics of the arts and culture sector, such as formal documentation and regular commuting, resulting in the inability to obtain the consent of organization members or being overwhelmed by bureaucratic procedures other than their main tasks. This leads to dissatisfaction among organizational members and negatively affects the operation of the enterprise, as it is repeatedly necessary to educate and train organizational members on the procedures and values required to run a social enterprise in the absence of professional staff and training. In addition, they complained of difficulties in planning the big picture and long-term goals for the sustainability of the organization due to the lack of cultural and arts-specific companies and networks that can be benchmarked in the process of generating revenue and building business models. Nevertheless, each representative took responsibility as a leader and strived for the survival and development of their organizations by creating a sustainable working environment and making the best use of their majors and personal networks to discover business opportunities. In addition, they overcame their limitations by establishing an organizational culture through regular meetings and one-on-one interviews to create a place of mutual understanding and enhance the roles of organizational members.

The strategies for sustainability of social enterprises in the cultural sector that were commonly recognized through the interviews were to improve the limitations of capabilities such as organizational management and employee training mentioned above, and environmental challenges such as institutional support that is not suitable for the cultural sector, and to focus on expanding the market through the discovery of projects that emphasize the specificity and creativity of the cultural sector, linkages with local communities, and solidarity among cultural enterprises.

In this section, we will discuss specific implications and suggestions for the sustainability of social enterprises in the cultural arts sector based on the analysis.

First, you need to develop a business model based on a clear financial plan. Social enterprises have a social orientation in that they pursue social values and solve various social problems in the community by using their unique business characteristics. The cultural sector is appropriate as a social enterprise because the public nature of culture and art is in line with social values, and the creation of jobs in a field where stable jobs are relatively scarce can provide a stable foundation for artists^[30]. However, in order to discuss the sustainability of cultural and artistic social enterprises, it is inevitable to expand the corporate profit structure and think about organizational management, as the process of pursuing efficiency and generating profits in terms of running a ‘business’ may conflict with the values that artists inherently pursue, and difficulties in employment, management, and profit generation arise from the operation of the organization itself.

A study by Seo Soon Bok^[32], which explored the influencing factors of cultural and arts social enterprises, benchmarked successful domestic and foreign cultural and arts social enterprises and found that the establishment of a business model that commercializes the results of cultural and arts activities and securing the self-sustainability of the enterprise are key factors. However, a study by Jeon Hyun-soo and Choi Kyun^[33] found that a virtuous cycle between social and economic performance of domestic social enterprises has not yet been established and that economic and social goals are not balanced.

In particular, the nature of the cultural sector is such that it is difficult to quantify performance unlike manufacturing and production, so monetization models may require the help of experts. Therefore, it is necessary to establish partnerships with related organizations and private companies to supplement the lack of funds and actively seek ways to improve the profit structure through specialized consulting.

Therefore, social enterprises in the cultural sector should develop business models that take into account the aforementioned factors to further enhance their sustainability. For example, developing a business model related to online performances and exhibitions that can solve the problem of social depression, such as the symptoms of corona blue caused by the recent coronavirus outbreak, through culture and arts, and providing it through a profitable platform such as YouTube will be very helpful for the sustainability of social enterprises.

Second, systematic support and training for organizational management is necessary from the above perspective. Specifically, it is possible to provide education and training for organizational members, consulting support for operational strategies, etc. Interviewees commonly complained of difficulties in organizational management and member management, and mentioned the need for a systematic way to improve them. In order to prevent members from leaving, an organizational culture that can proactively lead and operate the organization should be established, and support programs such as education and mentoring should be operated to foster the entrepreneurial spirit of professionals and management staff.

In addition, since the cultural field requires specialized personnel such as art majors from an operational perspective, it is difficult to expand the business, so infrastructure elements should be able to fully utilize the support of the local community. In a study by Youngbeom Lee et al^[6], which explored the sustainability of social enterprises, the support of environmental background factors such as infrastructure was found to be a major factor for sustainable development.

Therefore, for the systematic organization and operation of social enterprises in the field of culture and arts, it would be helpful to develop and operate an expert matching platform where social entrepreneurs can receive support and training from experts in the areas that are lacking or necessary in the organization and operation of social enterprises to foster social entrepreneurs.

Third, it is necessary to expand business opportunities in conjunction with local communities and strive to discover products and services through local social support. Culture and arts provide opportunities for local residents to enjoy culture and arts, and the demand for them is increasing^[34]. Among the business types of culture and arts social enterprises, the community contribution type is the highest, which reflects the needs of local residents for culture and arts and the demand of local governments for local development. Although the global pandemic is currently causing difficulties in operating in-person performances and experience programs, it is necessary to look for opportunities to partner with local communities to expand cultural and artistic enjoyment in the region from a long-term perspective. In recent years, the revitalization of community-based cultural and social enterprises has been gradually developing as various local culture-related support and promotion ordinances have been enacted not only at the regional level but also at the basic level of local governments, and the institutional foundation of local cultural policies has been established^[35]. Linking with local communities will ultimately achieve the goal of solving social problems by raising the level of local culture, resolving the polarization of culture and arts, and eliminating the livelihood and career disconnection of artists in need.

Therefore, by utilizing the infrastructure of cultural and artistic fields such as artists, ball extensions, museums, and exhibition halls in each community, periodic cultural and artistic performances and exhibitions can be provided online, and revenue models can be developed in conjunction with products such as local specialties, food, and crafts, which will further increase business opportunities through community cooperation.

Fourth, there is a need for solidarity among social enterprises in the culture and arts sector to improve institutional support. The government's support for social enterprises began in 2007, and the cultural and arts sector accounts for more than 10% of the total, but the support is still limited, such as recruiting labor costs. In order to improve this, social enterprises in the culture and arts sector should form a network and form solidarity to identify structural problems and come up with improvement plans to promote reasonable support from the government and related organizations. The 'Sharing Meeting on the Status and Support Direction of Cultural and Artistic Social Economy' held in January 2020³ can be seen as an appropriate attempt in this sense. Based on the first cultural and arts social economy survey conducted in 2019, the Ministry of Culture, Sports, and Tourism and related organizations such as the Arts Management Support Center^[22] have created a network of cultural and arts social enterprises, including cooperatives, village enterprises, self-sustaining enterprises, and social ventures, and it is a good opportunity to bring to the surface and correct the problems faced by enterprises.

Therefore, it is necessary to establish an online network of cultural and artistic social enterprises that can coexist through solidarity with each other by continuously providing a place for communication of cultural and artistic social enterprises through online communities and SNS that are linked to the business model and profit model suggested above, so that they can share problems through real-time communication and solve them through institutional improvement.

Unlike the previous studies that have been conducted on the sustainability of social enterprises in general without considering the business field or characteristics of the enterprises, this study is important and meaningful in that it derives the concept and categorization of sustainability of social enterprises in the field of culture and arts through in-depth research on social enterprises in the field of culture and arts, and it is significant in that it suggests specific improvement measures to increase the sustainability of social enterprises in the field of culture and arts.

This study can be used as a reference for entrepreneurs who are operating social enterprises in the arts and culture sector or for prospective entrepreneurs in the field, and can lay the foundation for empirical research on social enterprises in the arts and culture sector. However, since there are limitations to generalizing the findings to all social enterprises in the cultural sector due to the rather small number of social enterprises in the performing arts genre and the lack of objective verification of the categories derived, further research on social enterprises in various genres of the cultural sector and in-depth statistical analysis of the impact of each category on the sustainability factors of social enterprises will provide more meaningful results and implications.

Disclosure statement

The author declares no conflict of interest.

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