

## Re-approaching the Role of Private Sectors in International Development Cooperation in Korea

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### ABSTRACT

**Purpose:** This study examines the roles assigned to and expected of private companies in Korea's development cooperation. By identifying the gap between the roles given and those desired, it seeks to propose a redefinition of private sector roles to ensure their practical and sustainable participation.

**Originality:** Private Sector Engagement (PSE) is pivotal in international development cooperation, particularly in advancing Sustainable Development Goals (SDGs). In the Republic of Korea, despite growing efforts to integrate private sector participation, engagement remains limited, highlighting the need to redefine roles and restructure participation frameworks that reflect the capacities and motivations of private companies.

**Methodology:** In-depth interviews were conducted with both large corporations and small and medium-sized enterprises (SMEs). A role-based analytical framework was employed to categorize private sector roles as beneficiaries, implementers, reformers, resource providers, and participants, and to compare the roles assigned by public institutions with those expected by the companies.

**Result:** Large corporations aim to shift from being resource providers to reformers and participants, seeking more strategic and performance-oriented collaboration. In contrast, SMEs expect to act as beneficiaries and implementers but face institutional constraints and limited recognition. To align corporate capacities with development goals, it is essential to expand the role of participants and enhance mutual collaboration.

**Conclusions and Implication:** Although the private sector is ready to play a more active role, the current cooperation structure with the government does not adequately reflect this. A role-based participation strategy and institutional reforms are necessary to create an enabling environment that enables the private sector to contribute actively as a key player in international development cooperation.

**Keywords** Private Sector Engagement, International Development Cooperation, Korea, Role-based Approach

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## **I. Introduction**

The emergence of the private sector as a key player in international development cooperation can be traced to the paradigm shift toward neo-liberalism in the 1980s. This shift popularized the concept of Private Sector Engagement(PSE), which has since become integral to achieving Sustainable Development Goals(SDGs). As the scope of development cooperation continues to expand, the private sector's role in driving economic growth, technological innovation, and job creation has garnered increasing recognition(Rashed et al. 2021).

In the Republic of Korea(hereafter, Korea), this global trend is reflected in strategic development policies aimed at advancing Official Development Aid(ODA). The Korea International Cooperation Agency(KOICA), through its 2021 Strategic Plan, prioritized partnerships with the private sector and launched initiatives such as Creative Technology Solutions(CTS) and Inclusive Business Solutions(IBS)<sup>1)</sup> to enhance private sector participation (KOICA, 2021). Similarly, the 3rd International Development Cooperation Basic Plan(2021-2025) and the 43rd International Development Cooperation Committee emphasized the expansion of ODA programs involving private companies(ODA Korea 2021; ODA Korea 2022).

Despite these efforts, private sector involvement in Korea's ODA programs has fallen short of expectations over the past decade(Choi et al. 2021). Korea's private sector participation ranks low among the 29 Development Assistance Committee member countries(OECD 2016). Korea's government-led development cooperation model limits the engagement of non-governmental actors, including private companies,

academia, and civil society(Watson 2013; Stallings et al. 2016).

Then, why is it, and how can it be resolved? This study investigated the PSE in development cooperation through the voices of Korea's private companies, with a particular focus on their role. The research question is, "Which role is asked of the private sector and required by the private sector?" To answer the question, the study employed a qualitative approach to investigate the companies' real-world experiences and expectations regarding PSE. It conducted in-depth interviews with stakeholders from private companies, complemented by written inputs from relevant industry associations. The collected data were analyzed thematically using a role-based framework, as referred to by Vaes et al.(2015) and the OECD(2016). By addressing the opportunities and limitations from the private sector's perspective, this study seeks to provide actionable insights for fostering more effective PSE in Korea, with suggestions for a role shift.

## **II. Literature Review**

### **1. Private Sector Engagement in International Development Cooperation**

The evolution of the international development cooperation aid system, originating after World War II, has undergone significant changes. By the late 20th and early 21st centuries, it had shifted from idealistic humanitarian aid to a model emphasizing mutual benefit(Choi et al. 2021). In this evolving landscape, the goals and methods of achieving the SDGs have diversified, underscoring the need to engage the private sector's specialized expertise to

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1) CTS is a project that improves aid effectiveness by supporting the development and local verification of innovative ideas or technologies by prospective entrepreneurs and social ventures. The IBS program is a business based on strategic partnerships with the common goal of solving social development problems faced by low-income people in developing countries while providing them with employment and business opportunities and meeting the business needs of our companies. CTS usually targets social ventures, whereas IBS targets a mid-sized or large company(KOICA 2024)

meet global challenges effectively.

Private companies, in response to these systemic changes, have increasingly embraced Corporate Social Responsibility(CSR) and Environmental, Social, and Governance(ESG) principles as frameworks for fostering sustainable growth. CSR extends beyond shareholder profits, emphasizing economic, environmental, and ethical responsibilities. Rooted in societal concerns over corporate practices, CSR encourages philanthropy, activism, and ethical business operations as strategic investments in global market sustainability(Porter et al. 2006). By voluntarily integrating social concerns into their operations, private companies have positioned CSR as a logical avenue for their involvement in international development cooperation(Commission of the European Communities 2001).

Similarly, ESG criteria have emerged as critical tools for evaluating companies' adherence to sustainability principles. ESG emphasizes long-term investment approaches that prioritize environmental stewardship, social responsibility, and governance soundness(Lee et al. 2021). Successful CSR initiatives often enhance ESG evaluations, which are closely tied to the broader concept of sustainability and its alignment with the SDGs(Choi et al. 2021). Hart et al.(2023) argue that integrating ESG standards into corporate decision-making can drive ethical, sustainable, and profitable practices. As indicators of corporate adaptability to global challenges, ESG criteria have gained prominence, enabling companies to mitigate risks and capitalize on opportunities associated with environmental and social shifts(Eccles et al. 2014).

Building on these frameworks, the private sector's engagement in international development cooperation has expanded. Companies are increasingly recognizing that addressing global issues—such as poverty, inequality, and climate change—contributes to a stable and profitable operational environment. Reports from the United Nations Global Compact(2020) and the World Economic Forum(2019) highlight the mutual benefits of business involvement in development

cooperation, including innovation, market access, and workforce development. Private companies' growing interest in ODA reflects a dual recognition of ethical imperatives and profit potential.

Academic research highlights the private sector's crucial role in achieving the SDGs by mobilizing resources, expertise, and innovation(Scherer et al. 2018). Companies enhance their competitive edge and contribute to global development by integrating sustainable practices into their strategies. This paradigm shift represents a significant transition from being part of societal problems to becoming an integral part of their solutions. Consequently, PSE in development cooperation continues to gain emphasis, with increasing demand for meaningful private sector involvement in addressing global development challenges.

## 2. Enhancing Private Sector Engagement in Korea

PSE Strategy(ODA Korea 2022) in Korea recognizes the private sector's expertise and innovation as critical to sustainable development in developing countries. This aligns with the global emphasis on leveraging private finance to support developing nations. The strategy outlines three primary goals and corresponding tasks aimed at fostering greater cooperation with private companies. The first goal focuses on stimulating private investment and financial support, including designing optimized financial support packages, promoting private participation in development projects, and facilitating the discovery and planning of infrastructure initiatives by expanding financial resources. The second goal emphasizes expanding private enterprise participation through initiatives such as KOICA's advanced corporate cooperation programs, developing new business models, and utilizing tools from the Economic Development Cooperation Fund. Lastly, the strategy seeks to establish consultation channels to improve communication between the public and private sectors.

In terms of practices, KOICA reports that over the past decade, the average number of CTS and projects conducted annually was 13 and 12, respectively (KOICA 2024). These numbers, though fluctuating, have shown a gradual increase. CTS focuses on applying innovative ideas or technologies from startups and social ventures to solve complex development challenges and enhance project effectiveness. Conversely, IBS links CSR, shared value creation, and ESG strategies with ODA projects to drive sustainable economic, social, and environmental development. Notable IBS projects include collaborations with large and mid-sized companies, such as Yuhan Kimberly, LG Electronics, and Kia Motors. Meanwhile, SMEs such as Yoke and Enuma Korea primarily lead CTS initiatives. While CTS projects benefit from KOICA's direct support, IBS projects are co-financed with corporate funds, both aiming to strengthen PSE in developing countries.

Despite these advances, PSE within Korea's ODA framework requires further development (Yi et al. 2023). The post-Busan Conference initiatives emphasized the need for inclusive partnerships involving diverse stakeholders, advocating for policies that promote private sector involvement (Oh 2012). Kim et al. (2020) highlighted the evolution of cooperation strategies between PSE and development organizations, underscoring the persistent need for effective policies to support such partnerships. Interviews conducted by Lee et al. (2023) revealed that the primary motivations for private companies to participate in ODA are predominantly commercial. Additionally, Kim et al. (2022) analyzed policy tools to expand private sector participation in development cooperation, focusing on international cases and offering practical policy recommendations for Korea.

However, there remains an absolute scarcity of research specifically addressing PSE in Korea, both theoretically and empirically. While Kim et al. (2022) provide a comprehensive analysis of policy instruments, their focus remains at the policy level, lacking insights

into the practical expectations and experiences of private companies. This gap highlights the need for studies like the present one, which aims to fill the empirical void by capturing the lived experiences of Korean private companies, thus providing a distinct and necessary perspective for advancing PSE strategies tailored to the Korean context.

Regarding this necessity of the research, to address strategies for fostering private sector performance in international development cooperation from the voices and perspectives of private sector actors themselves, a comprehensive understanding of these roles is essential. Kumar et al. (2013) emphasize that role expectations, role perceptions, and role performance are interconnected, where clarity and congruence among these elements are crucial for effective performance. Thus, role performance is not merely a matter of acceptance or compliance; rather, it is a dynamic process shaped by the interaction between external expectations and internal interpretations.

According to Biddle (1979), roles are constituted by observable behaviors that emerge in response to social expectations and demands, and their realization depends on how these expectations are perceived and enacted within specific contexts. Thus, understanding and narrowing the ambiguities between the role required and the role expected is critical to enabling meaningful participation. Such alignment will not only enhance the legitimacy and sustainability of PSE but also create a development cooperation framework that empowers and motivates private sector actors to contribute actively and effectively.

### **III. Methodology**

This study aims to examine the roles assigned to and expected of private sector actors in relation to PSE within Korea's development cooperation initiatives. The OECD (2016) defines PSE as "all means and

methods by which the public sector of the donor country actively engages the private sector to generate development results.” In this study, the term ‘private sector’ refers specifically to profit-oriented organizations, including financial institutions, intermediaries, small and medium-sized enterprises(SMEs), individual entrepreneurs, cooperatives, and large corporations (Di Bella et al. 2013). Non-governmental organizations and civil society entities are excluded from this definition.

## 1. Data Collection

Primary data was collected through in-depth interviews with key stakeholders from selected Korean private companies. As PSE in Korea is still in its emerging stage, the overall pool of companies actively engaged in development cooperation is limited, which justifies the use of a small but focused qualitative sample for this study. Therefore, the sample was purposefully designed to include Korea’s Big 5 conglomerates, recognized for their active CSR and ESG efforts, as well as SMEs directly involved in development cooperation through the CTS program, ensuring that participants had substantive PSE experience despite the limited sample size. In addition, participants were selected to include research staff or team leaders in charge of CSR/ESG strategy in large corporations, as well as senior executives and managers directly responsible for development cooperation projects in SMEs, to ensure a range of perspectives from companies with demonstrated engagement in

development cooperation.

While the sample size limits generalizability, the depth and contextual richness of the data from the in-depth interview offer valuable insights into the evolving role of private companies in Korea’s ODA framework, as shown in <Table 1>.

The interviews, which lasted between 1 and 2 hours, focused on the companies’ experiences with ODA cooperation, including their roles and expectations, motivation, types of cooperation, mechanisms, policies, and institutional support. The interview questions are shown in <Table 2>.

Furthermore, to complement the limited sample size and enhance the validity of the findings, supplementary written interviews were conducted with representatives from the Korean SMEs and Startups Agency(KOSME). These written interviews examined the current status of private enterprises’ involvement in ODA projects, the limitations they face, and recommendations for increasing participation. Additionally, secondary data was collected from prior studies, domestic implementation strategies, and overseas PSE case studies. This triangulation, combining interviews, supplementary inputs, and secondary data, strengthens the empirical foundation despite the limited sample size and supports a more nuanced understanding of Korea’s PSE landscape.

## 2. Analytical Framework

As mentioned in the literature review, the understanding of the dynamics in terms of a role

<Table 1> List of Interview Participants

No.	Code	Category	Participants (number)	Interview Date
1	A	Large Company	Social Responsibility Division Researchers (2)	25 April 2023
2	B	Large Company	Social Responsibility Team Leader (1)	26 July 2023
3	C	SMEs - Social Ventures	Development Cooperation Impact Division Head (1)	18 May 2023 26 July 2023
4	D	SMEs - Social Ventures	CET, CTS Project Manager (2)	25 May 2023

Source: Authors

<Table 2> Interview Questions

Category	Sample Questions
Roles and Expectations	What roles does your company expect to play in international development cooperation with international organizations? What changes or conditions do you think are necessary to bridge the gap between the roles expected by your company and those assigned by public institutions?
Motives and Cooperation Type	What are your company's motivations for participating in international development cooperation? How do you perceive the balance between public and private sector leadership in current cooperation projects? What form of leadership would be more effective?
Cooperation Mechanisms	In your experience, have you observed any shifts in your company's role in the cooperation process? Do you feel that your current role in the cooperation project aligns with your company's initial expectations or objectives?
Policy and Institutional Support	What types of support from government bodies or international organizations do you think are most necessary for your company's participation in international cooperation projects? How could this support enhance your company's ability to perform roles such as implementer or reformer in development cooperation?

Source: Authors

is crucial for the meaning of PSE in international development cooperation. In this regard, the former private sector roles in international development cooperation are categorized as beneficiaries, implementers, reformers, resource providers, participants, or targets (OECD 2016; Vaes et al. 2015). However, while these categories provide a plausible starting point, prior frameworks often display conceptual ambiguity and fail to fully capture the dynamic realities of private sector engagement, including companies' diverse motivations and actual participation strategies.

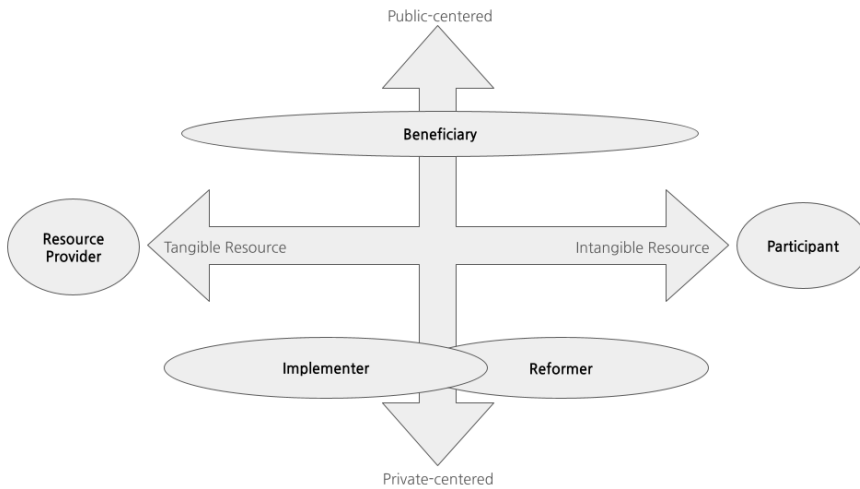
To deepen the analysis, this study drew upon insights from the literature on categorizing private sector roles and participation(Choi et al. 2021; DCED 2019; Lee 2019; Kim et al. 2020; USAID 2018). These studies highlight that companies' motivations for participation are diverse, ranging from profit-oriented incentives to social contributions or hybrid motivations. Furthermore, participation methods such as knowledge and information sharing, technical assistance, financial contributions, and policy engagement emerged as key factors influencing private sector engagement.

Based on these insights, the research team conducted an internal mapping exercise to identify

key participation factors, including participation purpose, collaboration leadership (public vs. private sector), and resource types (tangible vs. intangible), in order to develop a more comprehensive analytical framework. This refined framework addresses the limitations of existing categorizations and captures the dynamic nature of PSE by incorporating two critical dimensions:

- i. Subject of Cooperation: The extent to which the public or private sector leads the cooperation initiative.
- ii. Object of Cooperation: The nature of resources exchanged, ranging from tangible resources (e.g., financial capital and technology) to intangible resources (e.g., policies and knowledge).

In this role-based analytical framework, roles are mapped within a two-dimensional structure, where cooperation dynamics are categorized into four quadrants, highlighting the interplay between the subject and object of cooperation. The mapping of these roles was guided by a thorough internal deliberation process, drawing on the definitions of each role, as referenced in Vaes et al.(2015) and the OECD(2016), as illustrated in <Figure 1>.



Source: Authors

<Figure 1> The Role of the Private Sector in International Development Cooperation

First, resource providers and participants differ in what resources are the target of cooperation in situations where the public and private sectors fulfill each other's roles. In the case of resource providers, both the public and private sectors are essential, as the public sector leads the initiative while the private sector provides the necessary resources. Additionally, the primary reason for public and private sector cooperation is the availability of tangible resources, which serve as the basis for cooperation. On the other hand, in the case of participants, the dynamics of the private and public sectors are viewed as equal, as they collaborate to create related agendas or initiatives. However, in this case, the object of cooperation becomes intangible resources, as the meeting is held to exchange intangible assets such as policies, discourse, and dialogue.

Beneficiaries and implementers, or reformers, differ in terms of who is more centered in accordance with the dynamics between their roles. In the case of becoming a beneficiary, it is largely public-centered, as the private sector benefits from the public-led ODA project. However, the implementer or reformer is often close to the direction in which business is conducted

in a private-centered manner, as the private sector plays a significant role in ODA projects, implementing new models within companies or reforming the company's direction. Although the distinction between implementer and reformer may be difficult to discern clearly, this study clarifies the two roles to use them as a framework. In terms of the reformer, private companies participate in ODA projects to effect changes in the company's philosophy or direction, making the purpose of cooperation closely aligned with an intangible resource. On the other hand, implementers engage in ODA projects to implement a viable new model, which for a company refers to a technology or product. Thus, the purpose of ODA cooperation is classified as being close to a tangible resource.

By distinguishing these roles and examining the roles assigned to private companies (roles requested) versus the roles desired by these companies (roles expected), the study highlights the varying dynamics between public and private sector actors in development cooperation. This methodology ensures a comprehensive understanding of the misalignments and opportunities in Korea's PSE strategy. By leveraging both qualitative insights from stakeholder interviews and a robust

analytical framework, the study aims to provide actionable recommendations for enhancing private sector engagement in ODA projects.

## **IV. Result**

The findings indicate that a shift in roles is necessary due to a notable discrepancy between role requests and role expectations in public-private partnerships within the context of PSE. This discrepancy is particularly evident when comparing large companies and SMEs.

### **1. Large Company**

Large companies have traditionally engaged in development cooperation primarily as ‘resource providers,’ yet they are now advocating for a transition toward roles as ‘reformers’ or ‘participants.’ Historically, large corporations have explicitly been asked to act as funding sources in PSE. For instance, Company B noted that “Funding was the biggest part of collaboration with private companies. Large private companies are already spending tens of billions of won on social contribution and related projects every year.” However, the private sector has expressed reservations about this role. Companies criticize PSE initiatives as one-off efforts with unclear outcomes, which leads to doubts about their long-term impact and relevance. Company A highlighted, “In Korea, PSE is currently in a period of maturing, but as companies focus more on impact and performance rather than simple donations or charity projects, their approach has become more conservative.”

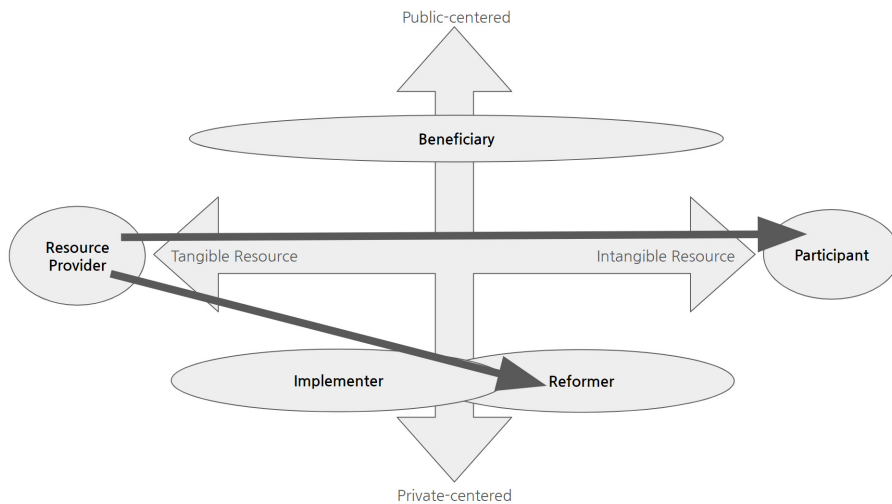
Large companies have also raised concerns about mismatched expectations with governments and international organizations. They perceive a gap between the private sector’s evolving focus on strategic, performance-oriented collaborations and the traditional expectations of financial support. Company A elaborated,

“Currently, companies are concerned about support methods that go beyond just providing material support. International organizations and governments seem to have different ideas about the role of companies in achieving their goals... This mismatch hinders collaboration.” The private sector, therefore, seeks to redefine its role in PSE by leveraging its unique strengths, such as technological expertise, to contribute meaningfully to development initiatives.

In this context, they requested a role shift from resource provider to reformer or participant, as depicted in <Figure 2>. They expect their role as reformers to create a change in direction and a new image for the company, based on mutual collaboration and conversation as participants.

Private companies share international visions such as the SDGs and have been contributing to a better society through ESG management and CSR activities. Corporate collaboration methods are shifting from material and financial donations or contributions to a performance-oriented and impact-oriented approach, focusing on sustainable contributions to society. In particular, the PSE of large companies in terms of external cooperation is closely related to their corporate image. In this regard, Company B said, “The cause of the external cooperation project is important.” Also, Company A said, “Companies cooperate for global legitimacy and public trust,” and that PSE “makes sure that there are tangible results in solving social problems and that this affects the corporate image.” They explained that the important thing is “whether it is helpful.”

Additionally, it explains that following CSR and ESG is not about the SDGs per se or considering development cooperation as the core of the company, but rather about improving the company’s overall vision and branding, such as linking it with marketing or globalizing its business. Thus, the company is eager to utilize the PSE as a strategy to change its brand image, and a more cautious approach is taken, and a performance-oriented approach is pursued.



Source: Authors

<Figure 2> Visualization of Suggested Role Shift for Large Companies in International Development Cooperation

There is a popular view as to why support is provided overseas when there is also domestic support, and there are difficulties in focusing on international business due to various geopolitical issues... In fact, companies want to contribute to society with what they have done well. The company is currently considering a new way of collaboration that goes beyond the previous method as a resource provider. In the past, social contributions involved making kimchi and delivering briquettes, but now it is different. For example, we have strengths in smartphones and laptops, so we are thinking about how to develop and utilize them in an educationally helpful way. <A Company>

It must be asked why companies do business with KOICA. Large companies collaborate with organizations like KOICA, not because they receive 30% or 50% of the budget from KOICA. Justification is important for conducting external cooperation projects. <B Company>

However, in most ODA projects, cooperation between private companies has not been a method

of planning joint projects from the planning stage to reflect the needs or interests of the private sector. Instead, it involves short-term cooperation in response to temporary demands or requests. In this type of cooperation, private companies have no choice but to act as supporters and procurers of ODA projects, not as joint collaborators.

The current way of cooperation is either as a temporary measure or when there is a sudden request, and there is a contact... Our representative social contribution activities have been done in accordance with the framework that the company collaborates with local NGOs with good community activity and execution ability. <A Company>

In that sense, the role of the participant is crucial. Large companies prefer partnerships in terms of intangible resources, such as technology, knowledge, and know-how, based on a collaborative relationship rather than tangible resources. The company is eager to contribute to society with its strengths. Also, they are deeply concerned about the effects and results of partnerships.

## 2. SMEs

In the case of SMEs, the findings reveal that while their roles in PSE as beneficiary and implementer are theoretically appropriate, numerous constraints hinder their effective participation. In Korea, the government aims to support SMEs through participation in ODA, as outlined in the 3rd Basic Plan for International Development Cooperation(2021-2025). CTS partially ensures that SMEs can benefit from ODA, providing a channel for new business and markets, and also enables them to implement new business by winning projects. These role requests align with SMEs' expectations of their roles.

However, the actual issue is that there are significant external constraints that hinder the performance of those roles thoroughly. Regarding the role of a beneficiary, private companies revealed that they especially want to gain a channel to enter new markets through ODA. In the case of SMEs, the need for a beneficiary role is more clearly articulated in terms of not only expanding local businesses but also generating profits by utilizing their products in ODA projects. In this regard, KOSME says, "We believe that ODA participation is a good opportunity for the global market" and that PSE can "serve as a bridge to enter new markets."

Nevertheless, the current PSE method lacks awareness of the private sector's role as a beneficiary and lacks a foundation to support it. Even though SMEs have expressed a greater demand for the beneficiary role, it is systematically complex for Korean SMEs to benefit from PSE. Company C says that there are "difficulties in promoting local businesses because there are many conditions." Also, Company D says, "There is no way to design and jointly plan a business suitable for innovative technology."

Upon closer examination, the conditions attached to the bidding process from the outset are unfavorable to domestic SMEs. ODA projects structurally encourage the participation of local companies in a partner

country, not Korean companies. Not only are there many limitations for domestic companies to enter developing countries or do business with international organizations, but the domestic ODA procurement system is not friendly to domestic companies. Furthermore, aside from system constraints, low awareness of domestic companies is a major hindering factor. It is more challenging for domestic SMEs to generate profits through PSE, as their products and technologies are not well-known globally. Additionally, price competitiveness is crucial when there is a lack of understanding of localized and innovative technologies. However, the situation is more difficult for SMEs because they cannot lower prices indefinitely.

Most of the companies that brought in novel solutions in Korea have a shorter history compared to European companies. When an international organization is working on a project, I think it is even more challenging to cooperate with a Korean company without knowing it well. We believe that this is an area where the government can have some influence on policy. <D Company>

Another role the SMEs are eager to play is that of an implementer, who implements new business models through ODA. SMEs want to implement a new business model through ODA. However, this implementer role is also tricky. Through ODA, private companies can implement new businesses through technical support or product provision. Companies with original technology or products attach significance to PSE in terms of expanding the market or conducting research and development through local applications. Therefore, when a company enters a developing country market, the first step is localization, business readiness. Once it is ready, it progresses to the next step, diffusion.

However, PSE focuses on diffusion rather than investing in technology readiness or localization. In this situation, local applications of private companies'

technology, accessed through PSE, are not available. Thus, there is a clear expectation for collaboration with other stakeholders in ODA within the private sector in a longitudinal approach. Still, the company's growing needs are not being met in the current partnership ecosystem, which is primarily based on temporary products or technology provision tailored to fragmented needs.

Further, a double obstacle exists for SMEs. They view innovative technologies and products as a competitive edge for their companies, but sometimes this innovativeness becomes an obstacle. Since no competitors are utilizing similar technology, it is impossible to participate in supply competition due to issues with the procurement structure. Amid such uncertainty, SMEs sometimes fail to participate, even after preparing for procurement for 2-3 years, in the developing country market. In Korea, there is KOICA CTS to support SMEs and social ventures. However, it focuses on discovery rather than expansion, and it is indeed difficult for companies to build references through it.

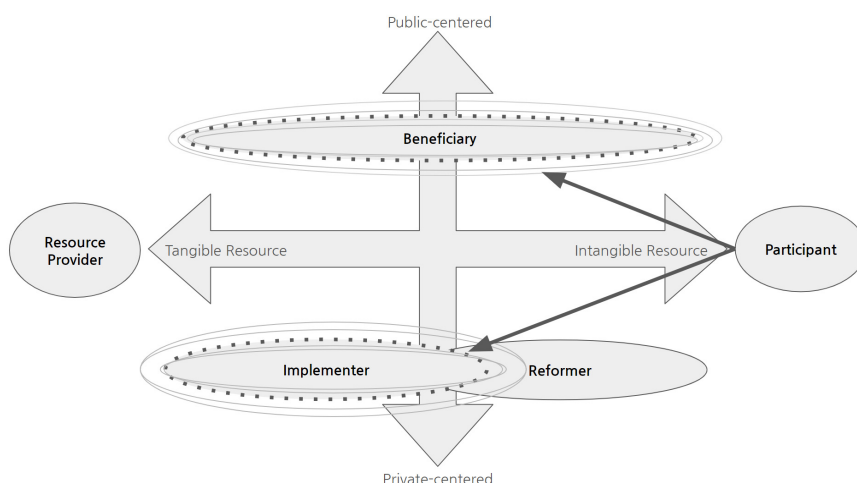
Basically, we have to go through the bidding process, but there are conditions attached to that. The biggest condition is local restrictions. When conducting public bidding, there are conditions attached to promoting local businesses and we feel that cooperation is difficult. ~ Innovative means creating a product that did not exist previously. Thus, there are no other competitors in the market. It is exceedingly difficult for SMEs and social ventures to be placed since we cannot actually secure the market through PSE when it comes to competitive bidding because there are no competitors.  
<D Company>

Regarding this constraint, SMEs also emphasize that the private sector lacks a chance for communication. They explain the absence of expectations regarding the role of the private sector as a participant in PSE. Company C explains that “there is a lack of a field

for mutual discussion,” and Company D explains that the current PSE is “mainly a top-down type of management rather than a partnership.” In other words, PSE cannot be a collaborative task unless it grants the role of participant. SMEs aim to establish partnerships centered on various resources, such as technology, innovative ideas, or tangible items, through the involvement of participants.

The result is illustrated in <Figure 3>, which highlights their aspirations and challenges in assuming roles as beneficiaries and implementers, and why the role as participants is crucial. The figure depicts that SME are not performing well enough, even though that is the role required and expected. It is mainly due to the structural challenges, including difficulties in securing local partnerships and navigating complex cooperation dynamics. <Figure 3> further illustrates that the participant role can serve as a core strategy for SMEs, enabling them to negotiate their roles more effectively as both beneficiaries and implementers, and overcome constraints in role performance through mutual negotiation and collaboration. It also implies that if the government expects to foster SMEs through international development cooperation, it should conduct a more detailed diagnosis of individual SMEs to investigate their role expectation and possible role performance to make a role request.

In conclusion, this study indicates that large companies are seeking to redefine their roles, while SMEs desire better support in performing theirs. Specifically, large companies prefer roles as implementers or reformers rather than resource providers. These roles suggest greater ownership for private companies in international development. Additionally, large companies aim to become sharers of technical and intellectual resources on a broader level rather than just material resources. SMEs, on the other hand, expect their growth to stem from the sale of material resources such as their products and services. However, given that SMEs focus on ideas and technology, they also anticipate that broader resources will become



Source: Authors

**<Figure 3>** Visualization of Small and Medium-Sized Enterprises' Expectation on their Role in International Development Cooperation

the subject of cooperation. Therefore, there should be a role shift for both types of companies to reduce the gaps between the roles requested by public sector stakeholders and the roles expected for more active PSE.

## V. Discussion

The role shift observed in the study's findings suggests that companies aim to define themselves as drivers of initiative. In this regard, OECD(2016) emphasizes the importance of aligning engagement mechanisms with broader development cooperation priorities to ensure coherence. Therefore, in partnerships with private companies, the collaborative ecosystem must adapt to address concerns about effectiveness and performance. Such adjustments would allow private companies to move beyond their traditional roles as resource providers, enabling them to take on more active roles as implementers and reformers, thereby fostering smoother, ongoing cooperation.

The result presents a key contradiction regarding

the prerequisite for PSE in Korea. It was initially assumed that PSE was not properly activated and that companies were not actively participating as major players in development cooperation; the results indicate otherwise. That is, companies already expect a proactive role, yet this role has not been expected of them by other stakeholders. Why has this proactive role not been assigned to companies despite their readiness?

One factor to consider is the public nature of ODA projects. The primary stakeholders in development cooperation are individual countries, and ODA projects are carried out in the public sector. However, private companies are profit-seeking entities(Barnard et al. 2022). Although private companies' involvement is often tied to business interests such as marketing and product sales, this study reveals a significant misconception: companies are perceived to be content with a limited role, such as resource providers.

In this regard, it is essential to integrate debates on how CSR and ESG principles are operationalized within Korea's ODA framework. The 3rd Basic Plan for International Development Cooperation(2021-

2025) explicitly highlights the need to strengthen private sector participation and emphasizes the integration of CSR and ODA engagement(Government of the Republic of Korea 2021). Particularly, this manifestation of these principles is predominantly demanded of large corporations, where private sector expectations are still framed mainly around securing financial resources.

However, companies question whether they should contribute to international development cooperation purely for public purposes. As the interviews reveal, ESG and CSR are not entirely separate from profit-driven activities such as attracting investment. Nevertheless, supporting private profit through public sector initiatives raises ethical concerns about the purpose of international development cooperation and ODA. The greatest challenge in PSE, therefore, lies in reconciling these dynamics and contradictions.

While inherently complicated, the findings reaffirm one practical solution: the private sector should adopt more active participant roles. Expanding the participant role can create space for mutual discussion, facilitate business expansion, and foster smoother partnerships with the public sector. The traditional, fragmented model of cooperation has become less appealing to private companies. It is crucial to ensure the open and inclusive planning of development priorities to effectively engage businesses(Reid et al. 2014). Continuous dialogue, transparency, and alignment of business interests with development goals are essential for the long-term success of development cooperation projects.

Next, on the other hand, there is little explicit expectation for them to assume roles as reformers or participants in development cooperation for SMEs. It presents that two distinct forms of expectations and approaches coexist within Korea's ODA framework: one geared towards large corporations, emphasizing CSR, ESG integration, and technological innovation, and the other aimed at SMEs, focusing on enhancing global competitiveness and market entry opportunities.

In the 3rd Basic Plan for International Development Cooperation 2021-2025(Government of the Republic of Korea 2021), the government implicitly aligns SMEs' involvement with a broader national agenda of supporting domestic SMEs for economic revitalization and job creation.

However, the real challenge lies in the monolithic structure of Korea's ODA framework, which tends to apply a uniform approach to partnerships, regardless of firm size or capabilities. This uniformity fails to accommodate the unique dynamics and needs of diverse private sector actors, especially SMEs. These findings underscore that despite SMEs' theoretical alignment with expected roles, structural and procedural barriers within Korea's ODA system inhibit their full and active participation. To address these issues, systemic reforms are needed, including simplifying participation procedures, enhancing information accessibility, expanding financial support, and establishing transparent and performance-oriented evaluation mechanisms to foster more inclusive and effective PSE.

Ultimately, this research raises the question: Does Korea's approach genuinely practice PSE? The role of the private sector in international development cooperation has evolved into three distinct trends: Private Sector Development, Private Sector in Development, and PSE through Development. PSE is emphasized in the last strand, focusing on the active participation of private companies beyond mere commercial activities, thereby contributing to the core goals of international development cooperation. However, the results suggest that Korea's approach primarily aligns with the Private Sector in Development trend.

Watson(2013) and Stallings et al.(2016) argue that Korea's development cooperation model possesses institutional and normative characteristics that hinder the active participation of non-governmental actors, including private enterprises. Yi et al.(2023) highlight that Korea's traditional government-led development cooperation governance has led to complex

administrative processes and slow decision-making, restricting the full and active participation of private companies. Moreover, ODA's limited allocation for engaging private companies exacerbates these constraints, as many studies have noted (see Choi et al. 2021; Stallings et al. 2016; Watson 2013; Yi et al. 2023).

A powerful strategy revealed in this study is to emphasize the participant's role. Transforming the relationship between the public and private sectors into a genuine partnership requires the government to act as a primary agent and supporter. This includes providing platforms for regular information exchange and enabling the private sector to engage as joint partners in international development. Such an approach would help bridge the gap between the roles of private companies and promote their participation as implementers and reformers, fostering a more effective and inclusive PSE framework.

## **VI. Conclusion**

This study demonstrates that the private sector is already ready to play an active role in international development cooperation as implementers, reformers, and active participants. Large corporations, in particular, aspire to align their contributions with broader business objectives, leveraging their technological expertise and global presence. Meanwhile, SMEs are eager to overcome systemic barriers, including restrictive procurement policies and limited market access, to enhance broader business growth and operational capacity.

Despite their potential, private companies face persistent challenges in fully realizing these roles. Large corporations often grapple with preconceptions of being solely financial contributors, while SMEs encounter structural limitations that hinder their participation. These obstacles underscore the need

for a more inclusive framework that integrates role-based planning, aligning private sector contributions with the needs of development initiatives. Open communication, policy reforms, and platforms for sustained collaboration are essential to transforming PSE into a mutually beneficial endeavor.

This study highlights the necessity of clearly defining the roles of private companies and tailoring approaches to their unique strengths and challenges. Large corporations can focus on expanding their global influence through sustainable practices, while SMEs can drive innovation and local impact through targeted support mechanisms. By addressing these disparities, development projects can harness the full potential of private sector contributions, leading to enhanced performance and a greater impact on beneficiary countries.

However, this study is not without limitations. The sample size was limited, and while it included both large corporations and SMEs, the diversity of sectors and perspectives remains constrained. Additionally, the findings are based on qualitative interviews and may not be generalizable to the broader private sector population. Therefore, future research should expand the scope of analysis to include a wider array of private sector participants and contexts, capturing the diversity of perspectives and opportunities within PSE. Incorporating case studies from different regions and industries will provide deeper insights and actionable recommendations, fostering a more effective and inclusive approach to international development cooperation. Through enhanced collaboration and shared accountability, private companies can become indispensable partners in driving meaningful and sustainable development.

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## 한국 국제개발협력에서 민간 부문의 역할에 대한 재접근

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### 국문초록

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**연구목적:** 본 연구는 한국의 개발협력에서 민간 기업에 요구되는 역할과 기업이 기대하는 역할을 분석하여, 부여된 역할과 원하는 역할 간의 차이를 규명함으로써 민간 부문의 실질적이고 지속가능한 참여를 위한 역할 재정립 방안을 모색한다.

**연구의 중요성:** 민간부문참여는 국제개발협력에서 지속가능발전목표를 달성하는 데 핵심적이라는 기대 하 국내 개발협력 분야에서 민간부문참여를 확대하려는 노력이 지속되고 있다. 그러나 민간의 개발협력 참여 수준은 여전히 제한적이라는 점에서 민간 기업의 역량과 동기를 반영한 역할 정립과 참여 구조 조정이 요구된다.

**연구방법론:** 대기업과 중소기업을 대상으로 심층 인터뷰를 실시하고, 역할 기반 분석틀을 활용하여 민간 부문의 역할을 수혜자, 실행자, 개혁자, 자원 제공자, 참여자로 바라보는 역할 기반 접근을 통해 요구된 역할과 기대된 역할을 비교 분석하였다.

**연구결과:** 대기업은 자원 제공자에서 개혁자·참여자로의 전환을 원하며, 전략적 성과 중심의 협력을 추구한다. 반면, 중소기업은 수혜자, 실행자로의 역할을 기대하지만 제도적 제약과 낮은 인지도로 실현에 어려움을 겪는다. 특히, 기업의 역량을 개발 목표와 조화시키기 위해 참여자 역할을 확대하여 상호 협력을 강화하는 것이 필수적이다.

**결론 및 시사점:** 민간 부문은 이미 더 적극적인 역할 수행을 준비하고 있으나, 정부와의 협력 구조는 이를 충분히 반영하지 못하고 있어, 역할 기반 참여 전략과 제도 개선을 통해 민간이 주체로서 국제개발협력에 기여할 수 있는 환경이 필요하다.

**주제어** 민간부문참여, 국제개발협력, 민간기업, 역할 기반 접근, 한국

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