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## Saemaul Sharing Economy in Rural Vietnam: Contributing to Sustainable Development

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### Abstract

Korea has been developed incredibly fast after the Korean war. One of main reason is the Saemaul Undong. And Vietnam government is going the new rural development program from 10 years ago. During last 10 years there are visibly distinguishable achievement and will get more successful result in 2020~2030. Both 2 national projects inevitably and eventually will contributes to UN SDG's because of its basic strategy and the principles which was designed from the fist. Even there were some mistakes before, it will be very powerful solution to achieve the UN

SDGs by self-helping methodology. However, we must focus on how to change the people's mind set to get it more successful and quickly. To do this, we need to focus on psychological approach and some part of behavioral economic studies. Saemaul Foundation Vietnam is trying to create new way of community sharing economy system in the rural area. It will be fully localized first. And then it will improve the equality of the people and increase farmer's purchasing power and the size of rural economy following the sustainable development target.

**Keywords:** Saemaul Undong, New Rural Development, Sharing Economy, Change Mind Set, Saemaul Project in Vietnam

### 1. Introduction

Here I introduce about Korea Saemaul Undong and Vietnam new rural development program to explain why changing mind set and applying Saemaul sharing economy is important in the rural area of Vietnam.

#### 1.1 Overview of Saemaul Undong in Korea

Korea's Saemaul Undong was in despair as the world's poorest country in the 1960s through corruption and exploitation of farmers at the end of the Joseon Dynasty in the 19th century, Japanese colonial rule from 1910 to 1945, and the Korean War from 1950 to 1953. Based on the spirit of cooperation, it is a national spirit reform movement that overcomes poverty through residents' own efforts. The Saemaul Undong, which began in 1970 under the leadership of the government, achieved its original goal in two years, and the spirit of "can" acquired by the entire nation was in line with the Korean government's strong leadership.

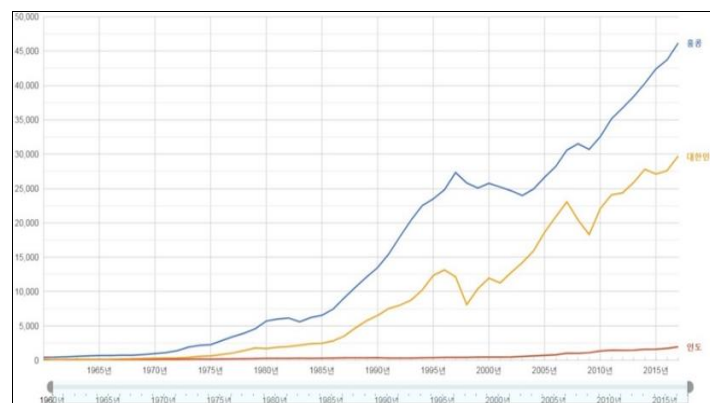


Fig 1: GDP per capita of Korea, World Bank 2018)

The characteristic success factors of the Saemaul Undong can be evaluated as follows. First, it is the strong leadership of the central government. President Park Chung-hee, who advocated the Saemaul Undong, President Park Chung-hee, who advocated the Saemaul Undong, implemented a strong policy to help local officials focus on the Saemaul Undong project at the risk of their positions to overcome the reality of lazy and hopeless rural areas.

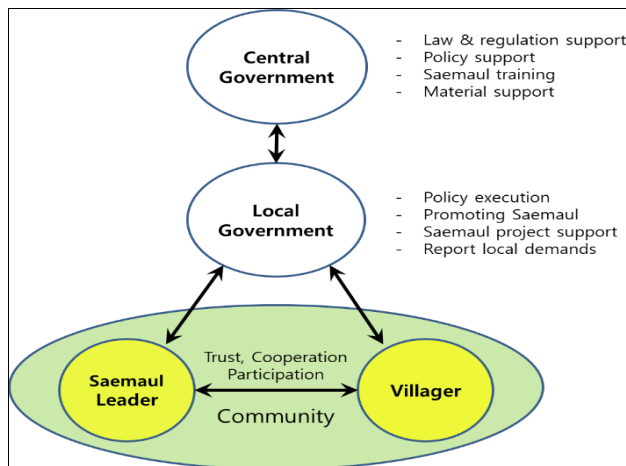


Fig 2: The strategy of Saemaul Undong

Second, there was voluntary residents' participation. In the face of extreme poverty, the government initially used supplies (cement) for village joint projects to voluntarily participate in the Saemaul Undong, and additional materials were provided differentially to villages that achieved successful results to encourage residents' participation.

	총계	정부지원				주민 부담
		소계	국비	지방비	용자 기타	
계	27,521	13,997(51%)	3,954	3,771	6,272	13,524(49%)
1971	122	41(34%)	27	14	-	81(66%)
1972	313	33(11%)	20	13	-	280(89%)
1973	984	215(22%)	125	90	-	769(78%)
1974	1,328	308(23%)	121	173	14	1,020(77%)
1975	2,959	1,653(56%)	666	579	408	1,306(44%)
1976	3,226	1,651(52%)	484	396	771	1,575(48%)
1977	4,665	2,460(53%)	599	723	1,388	2,205(47%)
1978	6,342	3,384(53%)	654	773	1,957	2,958(47%)
1979	7,582	4,252(56%)	1,258	1,010	1,984	3,330(44%)

Fig 3: Budget allocation of Saemaul Undong

Note: 10 years history of Saemaul Undong, page 18, Ministry of interior (1980)

Third, full support and interest in agricultural and agricultural cooperatives. The importance of agriculture remained emphasized even while the government intensively fostered the heavy and chemical industry, and with the government's continued support for agricultural cooperatives, agricultural cooperatives completed a nationwide system from village to center and developed into a wide-scale economic entity. Fourth, it is because the socioeconomic infrastructure has developed in parallel. The government introduced overseas loans to build logistics infrastructure such as highways first, intensively fostered heavy and chemical industries, and promoted balanced national development through a five-year national

development plan.

### 1.2 Overview of New Rural Development Program in Vietnam

The Vietnam New Rural Development Program, which has been promoted for the past 10 years and will continue to be promoted until 2030, can be conceptually divided into three stages as follows. The first stage (2010-2015), 19 indicators were set under the leadership of the central and local governments and focused on improving the living environment and infrastructure at the commune level. The second stage (2016-2019) focused on product development by private economic organizations (cooperatives or companies) at 8,903 communes nationwide through the development of the One Commune One Product (OCOP) project. The third stage (2020-2030) is undergoing planning, focusing on changing residents' consciousness and strengthening their capabilities, increasing actual income, and improving the quality of life.

## 2. Lessons from the New Rural Development Program in Vietnam

### 2.1 Achievements and Problems of the New Rural Development

The Vietnamese government has achieved significant results over the past decade by introducing a new rural development program similar to Korea's Saemaul Undong and setting 19 new rural indicators, but it is still considered to be insufficient in terms of encouraging residents' voluntary participation and fostering leaders.

First, as it was promoted in the top-down method, the voluntary participation of residents was sluggish. On the other hand, some say that as the new rural indicators were set on a myeon-level basis, it was difficult to form a sense of community and induce competition among villagers to achieve the common goal. Second, agricultural cooperatives established on a myeon basis did not develop into advanced cooperatives that function only as production organizations and have distribution and sales functions. Third, the additional opinions discovered by the Saemaul Globalization Foundation through a number of visits to rural areas and interviews with government officials over the past four years are as follows. Vietnam is believed to have had a number of cases in which the government's collective plans and support did not match the specificity of the region due to its wide range of land and different regional circumstances consisting of 58 provinces and five metropolitan cities. In the case of successful villages that achieved new rural indicators early, they quickly achieved absolute poverty and improved living conditions by completing voluntary land readjustment projects and village infrastructure under the leadership of excellent village leaders.

### 2.2 Cases of Vietnamese Agricultural Cooperatives

Vietnamese cooperatives are generally considered to have failed until the 1990s, starting with cooperative farms based on the communist economic system. Since the 2000s, there have been many best practices that have achieved remarkable success in some fields such as distribution and logistics.

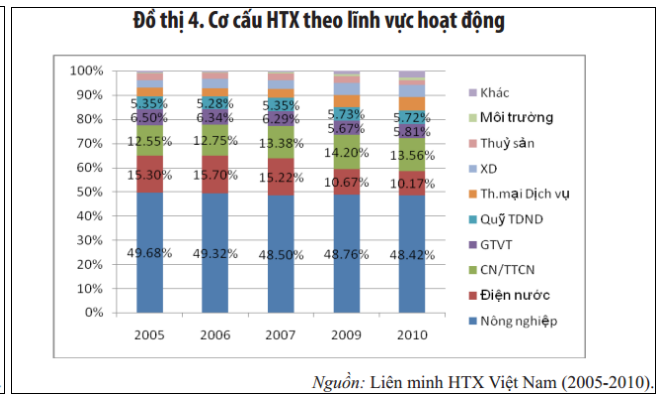
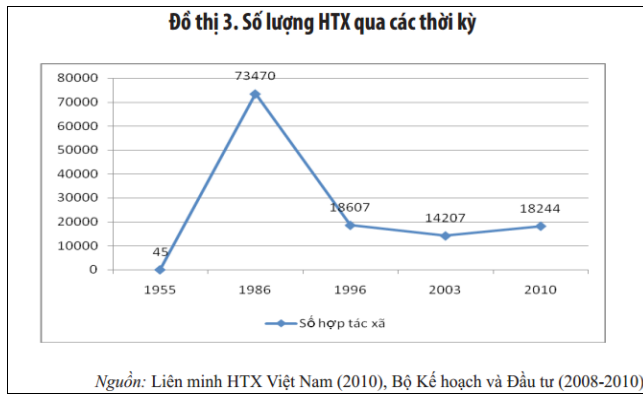


Fig 4: Cooperatives in Vietnam, Vietnam cooperative union(2010)

In the case of villages where the above-mentioned new rural development has been successfully carried out, unlike other villages, many cooperatives are found to find their existence value and maintain their reputation in performing the service provider function by providing seeds, fertilizers, and machinery necessary for agricultural activities. The reason for the above situation is that the cooperative's activities did not grow sufficiently and did not lead to substantial income growth activities such as distribution and sales because the cooperative was voluntarily established as part of the government's instructions. Compared to regions, cooperative activities as a production organization are well maintained in the northern region, while the southern region often has a negative perception of cooperatives from the beginning or has been dormant with no activities.

**3. Importance of Changing Mind Set & Methodology**  
**3.1 The Importance of Changing Residents' Mind Set**

As Indicated above, Korea's Saemaul Undong has become a driving force for rapid national economic growth by overcoming socially widespread defeatism and inferiority complex and instilling a positive mind of "can do" to the entire nation. Since then, as environmental pollution and resource waste caused by industrialization have emerged as social issues, the need for sustainable development has naturally emerged as a national task with social consent, and necessary measures and activities have continued. "Politics is a process of decision-making in which resources are placed in the right place," or "power is the power to dominate the will of others." There is a saying, but psychologically, it is appropriate to see that human behavior is caused by motivation. The sum of individual behavior becomes social behavior and norms, and changes in behavior patterns induce social and economic changes. The faster the transition to modern society, the more individualism and economic rationality are bound to be strengthened, and in order for individuals to cooperate to lead any community activities in this social environment, it is impossible to expect social cooperation activities without causing clear motivation.

**3.2 A Methodology for Changing Residents' Mind Set**

So how can you motivate yourself? Is it possible if only economic compensation for income generation is given? I don't think so. Humans have many greedy and selfish aspects, but on the other hand, they are very social animals that cannot live without mutual cooperation physically and mentally. Humans can feel greater satisfaction in the process of being recognized for their abilities and increasing their

authority and responsibility by working together organically rather than just personal benefits from income growth. It can also contribute to improving the quality of life by jointly sharing labor and responsibility.

In addition, according to a recent report by a psychology institute, strategy 3) was the most effective among the groups that used more than 60 modified strategies, including 1) unconditional betrayal, 2) unconditional cooperation, and 3) immediate use of betrayal and cooperation in the eye. However, in reality, the most effective strategy is to forgive one betrayal, not forgive two betrayal, and betray oneself. Furthermore, if the other person betrays me, I betray in response, but if the other person turns to cooperation, it is said that it is most effective to change to cooperation. These research results need to be referred to the promotion of the Saemaul Undong and the training of residents' consciousness reform.

However, in order to realize this, a specific activity model is needed. To this end, it is necessary to systematically investigate and compare the successful cases of the Korean Saemaul Undong, the successful cases of global ODA, and the case of Vietnam. Then, which model will be presented as the most successful and future-oriented model? As an example, is it appropriate for rural development in Vietnam to combine the Saemaul Undong and agricultural cooperatives in Korea to integrate unit cooperatives (production) in each village into the National Agricultural Cooperative Federation (financial and distribution)?

Korea achieved most of its goals, starting with the basic goal of food self-sufficiency, agricultural advancement, specialization, and farm income increase, but it was not possible to prevent the population concentration into cities, and it is difficult to say that the Saemaul Undong succeeded separately from the impact of urban development and industrialization. In addition, it is necessary to take into account the impact of agricultural and industrial complexes in rural areas that have created jobs and income in rural areas and contributed to rising real estate prices, so careful judgment is needed to unilaterally apply Korea's success stories to Vietnam. Accordingly, the Vietnam office of the Saemaul Foundation is currently attempting to introduce a shared economy model in rural areas as a motivational methodology for changing residents' consciousness in the Saemaul Demonstration Village project in Vietnam.

**4. Saemaul Project in Vietnam**

**4.1 Design Principles of Saemaul Pilot Village Project**

The Saemaul Pilot Village Project in Vietnam promoted by the Saemaul Foundation was designed with the following

principles.

- It only supports tools for income growth, not charity. It does not apply directly to individuals.
- Initially, a pilot project is developed to induce residents' interest and motivation.
- It operates various educational programs to induce changes in residents' consciousness.
- It shows successful cases as a pilot project directly carried out in connection with specialized institutions.
- It supports when a reasonable proposal is made by itself through a cooperative.
- If there is no result, stop supporting and wait. Creating successful results supports additional incentives.
- It increases the efficiency of basic agriculture such as rice farming.
- Traditionally specialized crops are strengthened for each village to create a foundation for income growth.
- Cooperative activities by village are united so that they can overcome regional limitations.
- Support the organization and operating system so that the cooperative association operates independently.

**4.2 Sustainable Development Goals and Saemaul Pilot Village Project**

Contributing goals to UN SDGs by Saemaul project is followings.

- Increase the efficiency of basic agriculture (Goal 2, Sustainable agricultural development).
- Education and training to strengthen residents' capabilities (Goal 4, Providing quality education)
- Emphasize the voluntary participation of residents, especially women (Goal 5, Achievement of gender equality).
- Green and Energy Savings (Goal 6 and 7, Environmental sustainability).
- Value chain integration through Saemaul Cooperative (Goal 8, Sustainable economic growth).
- Village Living Environment Improvement Project (Goal 9, Infrastructure construction).
- Benefits to village communities, not some individuals (Goal 10, Resolving inequality).
- Preserving local traditional culture and strengthening the community (Goal 11, Sustainable cities and human Rrsidents).
- Strengthening governance among governments, academia and residents (Goal 17, Partnership).

**4.3 Performance and Status of Saemaul Pilot Project in Vietnam**

Saemaul Foundation is executing 15 pilot village project in 8 provinces of Vietnam. Those are located in Thai Nguyen, Bac Ninh, Hu, Da Nang, Ninh Tuanh, Hau Giang, An Giang and Dong Thap. 4 categories of Saemaul mission are 1) Strengthening regional governance, 2) Developing resident's capabilities, 3) Improving living conditions, 4) Increasing income. To achieve the goal of Saemaul project we apply 3 steps- 1) Establishment and operation of Saemaul cooperatives (productivity and marketing capabilities), 2) Establishment of regional cooperative association to develop internal transactions and self-distribution networks between cooperatives, 3) Establishment of whole Vietnam Saemaul cooperative association and develop a Saemaul cluster which is digitally networked.



Fig 5: Saemaul project in Vietnam

**5. Saemaul Sharing Economy in Rural Vietnam**

**5.1 Necessity and Possibility**

Vietnam's poverty rate has improved remarkably, falling from more than 50% in the past to 5.23% as of 2018, but the Gini Index still reaches 35.3 (2016, World Bank survey data), making income inequality and urban and rural gaps an important social issue. Therefore, it is necessary to maximize marginal costs without wasting resources and apply a shared economy model that does not go against human nature. To this end, the Saemaul Foundation aims to contribute to resolving income imbalances and sustainable development goals.

**5.2 Community Sharing Economy Overview**

Distribution margins and logistics costs can be reduced and benefits can be maximized by selling privately owned means of production (land, labor, machinery, materials, etc.), labor, and products to consumers in urban areas based on exchange values reasonably measured with others in the community. This is expected to increase the purchasing power of individual rural residents and consequently contribute to the expansion of the scale of the rural economy and market development. In other words, some or all of the means of production, labor, and products owned by an individual are shared and utilized in the community, and in return, the exchange entity is only a member who decides to invest one or more shared objects.

On the other hand, the exchange value is to apply a price

determined by a asking price competition method similar to the stock market purchase transaction system based on an objective market price, and to pay or receive the difference according to the measured market price after offsetting demand and supply for a certain period. If there are insufficient means of production in implementing this, support is initially needed by external agencies (such as Saemaul Foundation or local governments), and after the establishment of the sharing economy model, it is expected to be secured with a joint fund through external sales.

### 5.3 The Concept of Saemaul Sharing Economy

Existing shared economic models are driven by a divided entity of suppliers and consumers of goods or services by opening consumers to the entire market and paying only in currency, resulting in infinite competition and poor labor quality.

On the other hand, voluntary participation based on the spirit of the community and fair exchange of goods and services according to the price system determined based on mutual understanding will reduce the burden on capital expenditure, raise marginal utility, and increase currency holdings. In addition, it is expected that the size of the community economy will be expanded and insufficient resources for inputting production means will be secured by selling remaining products exchanged inside the community to the general market through professional sales companies. The concept of the Saemaul sharing economy being applied in rural Vietnam is summarized as follows. 1) Reduce CO2 emission and natural resource by sharing production asset and achieve the sustainable economy, 2) Cooperate each others and make a decision democratically, 3) Reduce the currency consume by internal trading, 3) Generatet profit by selling product to the market and divide the profit fairly based on member's contribution, 4) Increase the purchasing power and develop rural economy, 5) Save a part of profit into the capital and invest this savings into the sharing asset. Finally, it can reduce the consume of natural resource, 6) Compete with the market through active business network, 7) Apply IT technology widely. ex) Smart farm, E-commerce, etc.

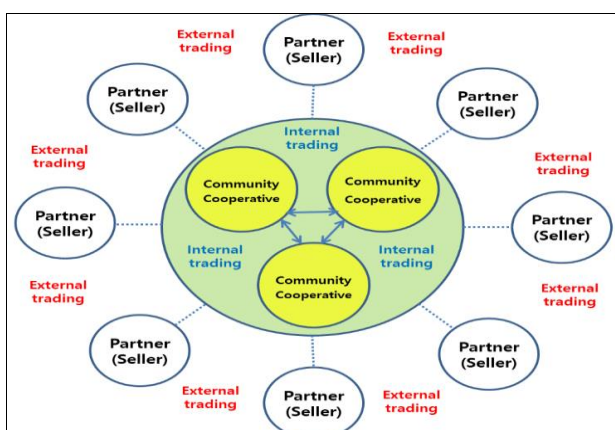


Fig 6: Concept of Saemaul sharing economy in rural Vietnam

### 6. Conclusion

In the above, I compared Korea's Saemaul Movement and Vietnam's new rural development program and outlined the Saemaul sharing economy introduced by the Vietnam Saemaul Demonstration Village Project, which is being conducted in parallel with these national programs. Unlike

existing business and profit-oriented sharing economy platforms, the Saemaul sharing economy is developing into a sustainable rural economic development model based on voluntary participation, capacity development, and cooperation of farmers. As a result, the Saemaul sharing economy applied in rural Vietnam first reduced unnecessary investment and resource waste and improved productivity by co-producing based on shared assets (land, machinery, labor, technology, network, etc.) secured by Saemaul cooperative. Second, it has been confirmed that joint sales and marketing activities through networks established at the regional and national levels contribute to the establishment of a basic safety net for Saemaul cooperatives to survive fierce market competition. The economic performance and consciousness change cases of the Saemaul sharing economy implemented in rural Vietnam, which were not covered in this article, will be proven based on data collected at the project site in subsequent studies.

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