

Social Enterprise in South Korea: History and Diversity

Eric BIDEF (Associate Professor, Le Mans University, France) and EUM Hyung-Sik (Ph D Candidate, Liège University, Belgium)

Introduction

As stressed by Defourny and Nyssens (2008), the social enterprise concept has emerged at a very similar moment both in Europe, at the initiative of the EMES network (www.emes.net), and in the U.S.A. in relation with an active lobbying by the Harvard Business School (<http://www.hbs.edu/socialenterprise>). In both contexts, this concept was an attempt to formalize and provide a common framework for a set of experiences that had emerged a few decades ago in the 1970's for the earliest.

Following Italy in the 1980's, several European countries have then picked up some of the basic features identified in the social enterprise ideal-type form as defined by the EMES works in the late 1990's (Borzaga and Defourny, 2001), and introduced new legal frameworks considered as relevant to deal with the two main issues they were facing: A permanency of a massive unemployment affecting larger part of their population and a rising demand for social services in relation with structural trends generating a concern for elderly care, childcare, environmental issues, citizen's participation and local development.

Facing very similar socio-economic challenges with growing difficulties on the labor market and among the world fastest aging of their population, several Asian countries have been having a strong interest in the European and American experiences of social enterprise since the mid-2000's. In South Korea, the term itself of social enterprise began to be used around 2002, but the emergence of such initiatives in the field and a form of governmental intervention already appeared at the beginning of the 1990's.

Due for a large part to the active efforts of civil society actors, the Korean government installed in 1999 the National Basic Livelihood system with an obligation for the beneficiaries able to work to engage in a work integration program. This first step was followed in 2006 by the enactment of the Social Enterprise Promotion Act. It contributed to make the concept of social enterprise broadly recognized by the public and the organizations themselves.

In order to understand the history and diversity of social enterprises in South Korea, this paper proposes to start in part 1 with the particular situation of the South Korean labor market to explain the rise of a concern for work integration in South Korea. Then it presents in part 2 other factors that directly contributed to the recent development of social enterprise including the enactment of Social Enterprise Promotion Act in 2006. It finally describes in part 3 the different forms of social enterprise existing in South Korea with the concern not to limit the conception to the only certified social enterprises labeled by the related law.

1. The labor market: Recent evolutions and main features

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Active population	24,394	24,347	24,216	23,978	23,743	23,417	22,957	22,921	22,471	22,134
Inactive population	15,698	15,251	14,954	14,784	14,557	14,300	14,383	14,042	14,108	14,052
Unemployed persons	889	769	783	827	887	860	818	752	899	979
Unemployment rate	3.6	3.2	3.2	3.5	3.7	3.7	3.6	3.3	4.0	4.4
Employment rate	58.6	59.5	59.8	59.7	59.7	59.8	59.3	60.0	59.0	58.5
Participation rate	60.8	61.5	61.8	61.9	62.0	62.1	61.5	62.0	61.4	61.2

Table 1: General data

Source: Website of Korean National Statistical Office, May 2010

Compared to other OECD countries, the Korean labor market presents a general situation that should envy many other developed countries, especially the European ones: As stressed by the OECD PISA surveys and by most economic works following the theory of growth, the Korean education system is considered as one of the most performing to provide a human capital that seems a major and stable resource for the national economy with only 3 per cent of a generation not completing high-school (the highest rate in the world) and an unemployment rate that has for long been kept steady under 5 per cent, and more often even under 4 per cent - at the exception of the two years that followed the late 1990's crisis (1998 and 1999) when it respectively reached 6.8 per cent and 6.3 per cent.

After these two difficult years, the South Korean economy quickly recovered and the situation of the labor market rapidly improved until 2002. Then, as shown in table 1, the general situation on the labor market has worsened for 3 years (2002-2005) when the unemployment rate steadily increased as well as the number of unemployed persons who were 135,000 more in 2005 than in 2002 (+18 per cent). Then the situation on the labor market improved again with a decrease of the unemployment rate flirting with the 3 per cent level, and a decrease as well of the number of unemployed persons. South Korea has not avoided to be hurt by the economic crisis whose effects begin to appear in 2009 with a 15.5 per cent increase of the unemployed persons in one year and a ratio employment/population coming back to the 2000 level. More recent data show that the number of unemployed persons totalized 1,169 thousand people in February 2010, which means a 244,000 persons or a 26.4 percent rise year-on-year. Unemployment rate is now close to the 5 per cent level. Despite this recent worsening, Korea still has –after Norway- the second lowest unemployment rate among OECD countries.

a. The average poor quality of jobs

This look at the last 10 years indicates that the Korean labor market has relatively good records when focusing at the quantity of jobs. But the picture is different considering

the quality of these jobs as it can be illustrated through 2 indicators: The proportions of *non salaried jobs* and of *non-regular jobs* as those two statutes of employment are for most of them less paid, non secured and less generous in terms of social benefits and social protection. As shown in table 2, the Korean labor market is marked by a high rate of non salaried jobs (unpaid workers: either self employed or unpaid family workers) that account for some 30 per cent of the total employment. In comparison the average proportion of non salaried workers within the EU of 15 countries is twice lower (16 per cent) and ranges in most countries between 7 per cent (Luxembourg) and 17 per cent (Spain), with the exceptions of Italy and Portugal (27 per cent), and Greece (40 per cent). The high proportion of non salaried workers is partly due to the managing practice of many Korean companies that make workers to retire at a relatively young age –between 50 and 55 for most of them. These workers receive when they leave a lump-sum that is often used to launch a business as they hardly can find a decent salaried job because of their age. As a consequence, the proportion of self-employed in the over 50 age group is close to 60 per cent whereas it is below 30 per cent for those under the age of 50.

Table 2: *Employed persons by status of workers*

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total workers	23,506	23,577	23,433	23,151	22,856	22,557	22,139	22,169	21,572	21,156
Unpaid workers	7,052	7,371	7,463	7,600	7,671	7,663	7,736	7,988	7,913	7,795
<i>Self-employed</i>	5,711	5,970	6,049	6,135	6,172	6,110	6,043	6,190	6,051	5,864
<i>Unpaid family workers</i>	1,341	1,401	1,413	1,466	1,499	1,553	1,694	1,797	1,863	1,931
Wage and salary workers	16,454	16,206	15,970	15,551	15,185	14,894	14,402	14,181	13,659	13,360
<i>Regular employees</i>	9,390	9,007	8,620	8,204	7,917	7,625	7,269	6,862	6,714	6,395
<i>Temporary employees</i>	5,101	5,079	5,172	5,143	5,056	5,082	5,004	4,886	4,726	4,608
<i>Daily workers</i>	1,963	2,121	2,178	2,204	2,212	2,188	2,130	2,433	2,218	2,357

Source: Korean National Statistical Office, Korea Labor Institute

South Korea has also a very high proportion of *non-regular salaried jobs* compared to other developed countries. Measured in official statistics by daily (less than 1 month contract) and temporary (less than 1 year contract) workers, this proportion is more than 45 per cent of salaried workers and some 30 per cent of all workers, to be compared with 24 per cent in a country like the United States where the labor market is considered as very flexible. Combined with the high proportion of non salaried workers mentioned above, South Korea has among OECD countries the lowest proportion of regular salaried workers that can be considered as an indicator of an average higher quality of jobs. The poor quality of non-regular salaried jobs can be seen in the difference of remuneration compared to regular jobs: Non-regular jobs were estimated to be paid some 25 per cent less than regular workers by the OECD (2005). In the data released by the Korean Ministry of Labor, the difference is even higher as temporary and daily workers have a real wage accounting the real wage of regular workers (817,000 won vs. 2,819,000 won on average per month in the last quarter of 2009 according to the date released at the Ministry of Labor website in May 2010).

After the 1998 tripartite agreement that allowed massive layoffs, many "secure" jobs have been replaced by daily and temporary jobs. In the 2 years following the crisis (1998 and 1999), 210,000 regular jobs disappeared whereas 510,000 temporary jobs and 640,000 daily jobs were created. The share of regular workers that accounted for 54 per cent of salaried workers in 1997 decreased to 50 per cent in 2002. This substitution phenomenon explains or a large part the fast decrease of unemployment after the late 1990's crisis. As a result, with a high proportion of non-salaried jobs and a high proportion of non-regular jobs among the salaried jobs, the Korean labor market as a whole can be considered as a very flexible one, much more flexible than often said in many economic surveys. More precisely the South Korean labor market is a dual market with some 40 per cent secure jobs on the well-protected primary labor market and 60 per cent unsecure jobs on the very flexible secondary labor market.

More recent changes due to the late 2000's crisis can be considered as the logical step following the flexibility installed in the late 1990's on the labor market: Unsecure categories of jobs have served to make the employment adjustments induced by the economic slowdown. Thus all categories of unsecure jobs, i.e. non-regular salaried workers (temporary and daily) as well as unpaid workers, have decreased in 2009 and during the first months of 2010. A part of them have likely been transformed into regular workers but many have been pushed out of the labor market. As a consequence, the share of regular salaried workers, which counted for less than 30 per cent of the whole occupied active population (salaried and non salaried workers) in 2000 and was still slightly less than 37 per cent in 2007, has climbed to 40 per cent in 2009 and has reached almost 42 percent in April 2010.

b. The risk of social exclusion

The recent changes on the labor market show how easily those different types of unsecure jobs can turn into unemployment. If social schemes and solidarity process do not work properly, this unemployment combined with other handicaps such as social isolation, health problems, psychological disorders, etc. can lead to social exclusion. Then it can be argued that such a labor market structure with a dominant secondary labor market presents a high risk of social exclusion especially if the welfare system does not provide an efficient safety net. A high proportion of unsecure jobs creates indeed the conditions for potentially more social exclusion all the more so since the social protection network is not developed enough and not working correctly to correct the precariousness of work.

According to Jones (2005), a third of non-regular workers are not covered by any worksite-based social insurance system. The low level of wage for non-regular jobs that we have mentioned is due to very low social contributions for this kind of jobs. The proportion of uncovered workers is especially high for the only unemployment insurance scheme. Besides the non-salaried workers who are by definition not covered, only 65 per cent of the eligible salaried workers and less than 55 per cent of all wage and salary earners are estimated to be actually covered. According to the latest data provided by the Korean Ministry of Labor, less than 40 percent of the total active population is insured under employment insurance although the covered workers have been steadily increasing from 7,600,000 in 2004 (about 50 percent of all salaried workers) to 9,800,000 in 2009. For the eligible ones, the benefits offered by the scheme are still very limited in both length and amount: Less than 25 per cent of unemployed persons received unemployment benefits in 2004 and the out-of-works benefits (average of net replacement rates over 60 months of unemployment without social assistance) is six times lower in Korea than it is on average in

all OECD countries and from 5 to 10 times lower than in European countries. That is to say that many Korean workers still have to rely on the familial solidarity and/or personal savings or face serious financial problems when they come to be unemployed.

Which are the categories the most affected by the labor precariousness? Like in other countries, data show a higher proportion of unsecure jobs and unemployment among low-skilled workers and among migrants. But a broader and more complete answer can be found by looking at the gender and age distribution of employment. We have already mentioned that older workers are over-represented in non-salaried workers that we consider as a vulnerable type of employment. Besides the elderly, women are another category facing both a difficult access to the labor market and an extremely difficult access to the primary labor market.

In its *Economic Survey of Korea* (2005), OECD mentions that the participation rate of prime-age women in Korea is one of the lowest in the OECD area. In many developed countries the employment rate of women ranges between 55 and 65 per cent and even above 70 per cent in Scandinavian countries. In Korea this rate is only slightly above 50 per cent. However, even more than the employment rate itself, the deepest difference has to do with the permanency of women jobs. Whereas European data, for example, do not show a significant decrease of women participation rate according to the age, Korean data show a break around 30 years old. Before this age Korean women have a slightly higher participation rate than Korean men (47.5 vs 46.6 percent in 2006). Then the difference becomes huge in favor of men: Almost 40 points difference in the 30-39 years old bracket (93.8 vs 56.4 per cent), 30 points in the 40-49 years old bracket (93.8 vs 65 percent), and 20 points in the 50-59 years old bracket (85.5 vs 65 per cent). As are older workers in non-salaried jobs, women are over-represented in non-regular jobs: Less than 40 per cent of female salaried workers are regular workers, compared to more than 60 per cent for men. And it must be noted that a significant part of those 40 per cent will leave their jobs when getting married or pregnant.

As a consequence, Korean women enjoy less favorable wages (female to male earned income is estimated at 40 per cent in the UNDP's Human Development Index) and face a higher risk of exclusion from the labor market. As it is combined with a welfare system that still offers limited coverage and benefits, the Korean situation of work based upon the standard of a single income couple features a higher risk of social exclusion than the double income model as the couple cannot rely on a second income or on significant social benefits in case it loses one.

Thus, behind the general data, the very characteristics of the Korean labor market induce a significant risk of social exclusion affecting specific categories of persons such as women, older workers, low-skilled workers, migrants, etc. This risk has long been neglected as long as the economic situation brought the conditions to maintain a high demand on the labor market. When this risk has been proved at the occasion of the 1997 crisis, the South Korean government tried to install various policies dealing with the unemployment and social exclusion of the disadvantaged¹ and showed a growing interest for social enterprise as both a tool for work integration and for social services provision.

¹ However, it is difficult to say that these policies have been main policies tackling the unemployment and social exclusion. In fact, on the level of macro-economy, main governmental measure for the unemployment was stimulation of the economy by support to private companies and by management of public expenditure. Public work program, current Hope work program which provides temporary and unskilled job for the unemployed has had more visible effect on the indicators of labor market. Work integration policies as below have been illustrated as important policies by the government, but its real economic effect is not so big, compared to Public work program.

2. The reorganization of social services provision and the role of international influences

Although the problem of social services provision system appeared on the policy agenda relatively later than the issues more closely related to the labor market, it has played a prominent role and accelerated the enactment of the Social Enterprise Promotion Act in 2006 and consequently the recent development of social enterprises.

Since its dramatic industrial development in 1960s, the Korean society began to suffer problems from demographic changes, such as the increase of women's participation in economic activities, of aging population, and of nuclear families, and also, the collapse of traditional local communities and solidarity. Although many tasks formerly done by housewives within family should have been carried out outside home, public authorities didn't always provide enough means. In spite of recent effort for catching up, South Korea is still one of the countries which have the smallest portion of social expenditure in the government budget in the OECD countries. Moreover, combining the economic polarization and decline of purchasing power following economic crisis, problems such as decline of birth rate and rapid increase of aging population became recognized as crucial social problems.

To deal with these issues, the Korean government introduced in 2006 a very ambitious policy entitled *Social Vision 2030* with the aim to enforce the social services provision by increasing public expenditure, by encouraging the formation of a social services market, and by promoting social enterprises as an important delivery system. Particularly, based on the idea connecting creation of employment with development of social service provision, this policy gave new opportunities to social enterprises which suffered brutal competition in conventional market. In the frame of the policy, several voucher systems were introduced and a new national insurance system for long-term care services inspired by the German and Japanese experiences has been installed. In the absence of existing providers for these new services, social enterprises or work project teams preparing social enterprises were stimulated -and even created- to be providers in such an experimental market where conventional enterprises hesitated to enter. Even though the social services sector doesn't cover all activities of social enterprises, we can observe that social enterprises in the social services sector have dramatically developed and are still very dynamic.

On the other hand, an emphasis should be put on the influence of international policy trend on the way South Korean social policies have been shaped especially after it became an OECD member in 1996. In a more globalized world, more and more policies are shaped under the influence of international policy trend. Although few researchers have stressed it in the case of Korea, this kind of international trend has a major influence in providing a structural framework defining the possible scope of policy choice. In the Korean case, a first frame of international influence followed the admission of Korea in OECD in 1996 which posed new constraints and induced a stronger international pressure to incite South Korea to find appropriate answers to major social especially aging of population. Several reports by OECD experts stressed the need for Korea to develop its social schemes, especially pensions and health care systems, including the public ones. Behind the OECD recommendations was also a concern shared by other OECD members regarding the low cost of labor in South Korea which was considered as a competitive advantage not yet acceptable for an OECD member.

Then, the policy guideline following the loan from the IMF fund in 1998 restricted the Korean government's choice within the Washington consensus. Under this restricting condition, the Korean government emphasized the concepts of 'workfare' and British New Labor Party's 'third way' which is considered as affected by the former one (Peck, 2001).

The liberal party that governed the country for ten years (1997-2007) promoted an inclination of social policies towards marginalized and disadvantaged groups and more generally towards more social justice. They also shared the conviction that civil society could contribute and should be consulted to shape social policies that were commonly decided by elite bureaucrats. But this trend remained actually very limited by the superiority of the workfare philosophy that restricted both unconditional social benefits and public expenditure. Finally scholars like Kwon and Holliday (2007) conclude that "the extensions [of the welfare state] that took place in the late 1990s turn out to have been rather modest". Indeed, rather than considerably enforcing public infrastructure of social welfare, the Korean government tried to organize and mobilize civil society actors as part of the solution for tackling social problems. In the same line, in order to persuade the conservatives, the Korean government emphasized the ideology of 'workfare' by including a very restrictive 'conditional beneficiary' and a Self-sufficiency Promotion program when installing a National Basic Livelihood Security Program in 2000².

The social enterprise concept itself was also introduced from foreign experiences. Especially, social movement organizations which have initiated social enterprises phenomenon, found their ideal models in social enterprises in Europe and in the US. In the other hand, the Korean government also referred to foreign experiences of social enterprises. We can also find these references in the policy of promotion of social enterprise which resemble British government's one and in the Act which distinguishes 'social service provider social enterprise' from 'work integration social enterprise' like the Italian social cooperative law. We can also observe that these various sources of references are used as justifications for debates ongoing in the course of reinterpretation of the social enterprise concept among different approaches in civil society and government.

3. The different forms of social enterprise in South Korea

The recent evolutions surrounding the social enterprise concept has brought a terminological confusion in practice. When the term of social enterprise is used, some people tend to designate only social enterprises certified by the law, other people use the social enterprise concept to refer to organizations in several institutional categories according to their function and role even though these organizations do not recognize themselves as social enterprises. Moreover, some other express an ideal but abstract concept which does not always correspond to any institutional category but to every organization following a social purpose and drawing social innovation in a large sense. Except the last approach which is difficult to examine empirically, we would envisage social enterprise in South Korea according to first two approaches.

² This orientation means that a person who meets the economic conditions for being qualified as a beneficiary, but at the same time, is considered as workable, receive a full benefit only by participating in activities in self-sufficiency promotion program.

a. Certified social enterprises

The most obvious form of social enterprises are the certified social enterprises according to the Social Enterprise Promotion Act enacted in 2006. Because the act prohibits other organizations from using the name 'social enterprise', an official use of the term of social enterprise refers only to those certified social enterprises. This Act had been initially proposed by a member of the National Assembly in conservative opposition party and after, was reformulated by the Ministry of Labor and liberal ruling party in the frame of job creation in social service sector. In the Act, social enterprise is defined as 'an organization which is engaged in business activities of producing and selling goods and services while pursuing a social purpose of enhancing the quality of local residents' life by means of providing social services and creating jobs for the disadvantaged, as an enterprise certified' (article 2). Organizations which want to be certified should have one of the appropriate legal status which include an associative corporation registered under the Civil law, a company registered under the Commercial Act, and a non-profit private organization, consumer cooperative, a welfare corporation registered under respective concerning laws (article 8 – (1)) and meet the requirements defined by the act (article 8). The organization must submit an application to the Ministry of Labor (article 7). After deliberation of the Social Enterprise Support Committee under the authority of the Ministry of Labor, the organization is certified or not as a social enterprise (article 4). To be certified, organizations should make the proof of the relationship between their activities and the disadvantaged profiting from these activities. There can be four different types of social enterprise: work integration type (at least 50 per cent of employees must be disadvantaged persons), social services provision type (at least 50 per cent of the recipients must be disadvantaged persons), a mixed type of both, and others (for example, social enterprise for environmental activity).

Until January 2010, 288 social enterprises have been officially certified. According to the analysis on 251 certified social enterprises in July of 2009, work integration type social enterprises are 110 (43.8 per cent), followed by mixed type (71 enterprises, 29.2 per cent) others (37 enterprises, 14.7 per cent) and social service provision type (33 enterprises, 13.1 per cent). Principal activities of social enterprises are social welfare (52 enterprises, 20.7 per cent), environmental activities including recycling (41 enterprises, 16.3 per cent) and care service (33 enterprises, 13.1 per cent). There are also childcare, education, health and culture as principal activities. However, because of work integration character, we can find many enterprises in manufacturing and other activities not directly related to social purpose as well.

It is reported that 7,228 workers work in these 251 social enterprises. It means that the average number of paid workers in each enterprise is 28.7 persons. However, it should be noted that this relatively large number of workers is not main character of Korean social enterprises, but the intention of government willing to show immediate effect on employment. The facts that all large size social enterprises were certified in the first certification processes, and that recently, growing number of small size social enterprises began to be certified, explain this situation (Ministry of Labor & RISE, 2010). Actually, the explicit advantage of certification is the possibility of receiving subsidy for additional workers. Certified social enterprises could apply for 'Social job creation program' and this time-limited subsidy for additional worker could bring much financial advantage to social enterprises. In 2009, it is reported that 133 of 251 social enterprises benefits this subsidy.

b. Social enterprises related to the National Basic Livelihood System

The basis of a comprehensive Korean work integration scheme emerged with the enactment in 1999 of a more extensive general law to reform public assistance programs: The National Basic Livelihood System Act that became effective in 2000. In their study of the Korean welfare system, Holliday and Kwon (2007) argue that the NBLS has been "the most distinctive change in the entire reform package" that took place recently in South Korea and "posed the greatest philosophical challenge" to what they call "the productivist welfare capitalism in Korea". The allowance is supposed to be given to any household which is living under an absolute poverty line defined according to the family structure: This line amounted to 1,36 million wons (1,200 US\$) in 2010 for a 4 persons unit. It represented one third of the average urban income in South Korea (3,9 millions wons in 2009)³.

Precisely the NBLS is a package that includes 7 monetary and non-monetary allowances in relation with several fields (health, education, housing, etc.), one of them is work integration (Self-sufficiency promotion). This allowance was adapted from the pilot project on Self-sufficiency promotion launched in 1996, which had been modeled on the pioneer experiences erupted from civil society. According to the law, a beneficiary of the NBLS, if considered as able to work, must engage in a work integration scheme in order to get the full NBLS allowance. Otherwise the work integration part of the allowance included in the NBLS is supposed to be suppressed. In principle, this condition should deeply reshape the organization of work integration by including a compulsory work integration dimension for those recipients that are considered as able to work (according to the law, only certain categories of persons, especially heavy handicapped people, are considered as unable to work). In fact, a small portion -a little bit more than 10 per cent- of the beneficiaries of the NBLS who are considered as able to work are engaged in a work integration action.

In the NBLS scheme, work integration activities are carried out both by the public sector and by organization in civil society. Whereas local public authorities take charge of simple and less productive work programs for less workable beneficiaries, Self-sufficiency enterprises and work project teams aiming to prepare Self-sufficiency enterprise, are organized by 232 local self-sufficiency centers (LSSCs). Although LSSCs are based on civil society organizations such as civic movement organization, social welfare corporations, and religious organizations, the major part of their budget come from public subsidies which raised debates and conflicts about the real autonomy of LSSCs.

Self-sufficiency enterprise is considered as the most important outcome of work integration program in the NBLS scheme. One of the main objectives of LSSCs is the creation of Self-sufficiency enterprises as sustainable job place for the poor. For this objective, LSSCs organize work teams mainly composed of the workable beneficiaries of the NBLS in order to prepare Self-sufficiency enterprise. Self-sufficiency enterprise is defined as an enterprise which is economically sustainable and has a kind of collective ownership. Also, at least, 1/3 of workers should be the beneficiaries of the NBLS. If these conditions are met, local authorities could recognize them as 'certified self-sufficiency enterprise' in order to facilitate and support their economic activities. In 2007, 509 Self-sufficiency enterprises employing 3,245 workers worked in various sectors, such as construction, care services,

³ In comparison, this ratio is a little bit higher at 38 per cent in France (11 000/30 000 euros yearly in 2006) but the French minimum income system also includes other social benefits (housing and health) that add to the allowance itself. And the data for France surely are more representative of the whole population whereas the Korean average urban income is mostly calculated upon the situation of regular workers that are far to represent the whole population of workers as we mentioned in part 1.

cleaning, recycling, agriculture, manufacturing and so on. With strong support system and relatively long history, it should be noted that the Self-sufficiency promotion program has been and still is a pioneer and important source of social enterprises in South Korea. In effect, many of certified social enterprises are Self-sufficiency enterprises as well.

c. Other forms of social enterprises

Besides certified social enterprises and self-sufficiency enterprises, a few other institutional categories of organizations could be considered as social enterprises according to definitions developed in the worldwide academic communities even though all of them do not recognize themselves as social enterprises. In a research just before coming into effect of the Act, Eum (2008) gathered the data on the organizations by institutional categories, which could be defined as social enterprises. Using the EMES approach of social enterprise, he showed then that in 2007, 969 organizations could be considered as social enterprise in 5 institutional and 1 non-institutional categories.

Table 3: Social enterprises according to institutional forms

	Target group	Number of Orgs.	Number of Participants
Self-sufficiency enterprise (2007)	poor and workable unemployed	509	3,245
Business run in Senior clubs (2007)	the aged	77	831
Professional rehabilitation workshop (2006)	the handicapped	202	7,206
Independent workshop (2006)	the handicapped	128	4,153
Standard workshop (2006)	the handicapped	35	1,503
Others (2007)	-	18	420
Total		969	17,367

Source: Eum (2008)

One could also add to these organizations which are considered as sustainable in the market, the many work project teams aiming to prepare sustainable business organizations. We can find these work project teams in different public schemes, such as Self-sufficiency Promotion program, Social Jobs Creation program and Jobs Creation for the Aged program. According to the Ministry of Labor, these work project teams could be considered as a form of pre-social enterprises which are eligible for some support programs like consulting and so on.

Table 4: Work project teams according to public schemes

	Target group	Number of Teams	Number of Participants
Market type Self-sufficiency work project (2006)	poor and workable unemployed	678	5,568
Self-sufficiency work project funded by non-public resource (2006)	poor and workable unemployed	224	4,794
Social Jobs work project (2007)	all unemployed	376	7,546
Work project for the aged – Market type (2006)	the aged	304	7,061
Total		1,582	24,969

Source: Eum (2008)

As we can see in the tables, these organizations could be considered as work integration social enterprises (WISE) for the disadvantaged. Across most categories, from the

governmental point of view, the ideal model of social enterprise has been sustainable enterprise in the market which employs disadvantaged people as many as possible or be composed of disadvantaged people in majority, with temporal and partial support from public sector. Despite of difference of target groups, this kind of ideal model enforced by the social enterprise concept becomes prevailing. Although after the *Social Vision 2030* policy emphasizing job creation through promoting social service sector, the role as social service provider has also been stressed, the principal role expected by the public authority and the public is still concentrated on the employment of disadvantaged people.

Business run in Senior Club

Faced to rapid increase of aging population, the Korean government launched 'Job creation for the elderly' program in 2004. This program provides different sub-programs such as temporary job places, promotion of volunteering, provision of information for job place and incentive for enterprises employing the elderly. On the other hand, this program is carried out by various organizations: local governments, community welfare centers, welfare centers for the elderly, Korean association of the elderly and Senior clubs which are welfare centers specialized in creating job places for the elderly.

In various programs run by Senior clubs, there are enterprise-like organizations composed of the elderly. Usually, these organizations are founded with initial support of Senior clubs but are run with the income from commercial activities. In many case, participants' incomes are not sufficient amount covering whole living cost. However, because the purpose of this program is not only economic support but also social integration by economic activities, this low income doesn't make problem.

In 2007, 129 enterprise-like organizations employing 1,118 aged persons were run in 40 Senior clubs. They mainly worked in artisanal manufacturing, social services and small restaurants.

WISEs for the disabled

Policies for work integration of the disabled have developed in various schemes since 1980s. However, these schemes have not been so comprehensive that some organizations could have several statuses at the same time for profiting various subsidies and public supports. Among these various schemes, particularly, the organizations in three schemes could be considered as social enterprises. First of all, some part of 'professional rehabilitation workshops' could be regarded as social enterprises. In fact, many of these workshops operate not as place of employment but as place of socialization and rehabilitation. Therefore, economic aspects are less focused. However, some sub-types of 'professional rehabilitation workshops' are requested to have more enterprise-like management by public authorities. These professional rehabilitation workshops operate like typical work integration social enterprises. According to Eum (2008), there were 202 professional rehabilitation workshops in 2006. Most of them (86.2 per cent) work in manufacturing sector. In average, 35.8 workers work in a professional rehabilitation workshops, and 30.1 workers of them (84.1 per cent) are the disabled. Secondly, there are independent workshops where at least, 30 per cent of workers are the disabled and more than 50 per cent of disabled worker should have serious handicaps. In 2005, the independent workshop which were not overlapped by professional rehabilitation workshops and standard workshops, were 128 workshops. They employed 4,189 workers including 2,729 disabled workers (65.1 per cent). Principal sector was manufacturing (75.8 per cent) like other type of WISEs for the disabled. Lastly, in 2001, standard workshop was introduced with important amount of public subsidy in order to make model enterprises for the disabled.

To be standard workshop and get public subsidy, more than 30 per cent of all workers must be disabled workers (more than 50 per cent of them should have serious handicaps). And after receiving public subsidy, standard workshop must employ additionally, at least, 10 workers including the disabled with serious handicaps, and maintain employment of all disabled workers at minimum, during 7 years. In 2006, there were 35 standard workshops mainly working in manufacturing sectors (80 per cent). They employed 1,503 workers, and 48.5 per cent of them were the disabled.

Besides public subsidies, these three types of WISE for the disabled could benefit from 'related employment program'. In this program, 'disabled person employment obligatory enterprises' could have alternative choice for employment of the disabled by purchasing products of these three types of WISE. Although the term of social enterprise was not directly used, WISE concept begun to be mentioned in order to reform existing workshops for the disabled in similar time to the discussion of social enterprise. After the enactment of the social enterprise promotion act, it seems that social enterprise concept has much influenced on modernization of WISEs for the disabled. It is reported that 25 professional rehabilitation workshops and 8 standard workshops have been certified as social enterprise until 2009 (13 per cent of all certified social enterprises) (Ministry of Labor & RISE, 2009).

Conclusion

In relation with both the situation on the labor market and the provision of social services issues, social enterprise has become a gradually interesting issue in South Korea since the 1997 economic crisis. This interest shows that social enterprise is not mere a fashionable discourse but rather an important response from civil society and public authority embedded in structural social change resulting in new needs. It can be argued that the concern for work integration emerged in line with the specific features of the labor market, the interest for building a social service provision system, and in addition, the influence of international trend of policy have played as the structural factors that have facilitated the emergence of social enterprises and defined the dynamic of their development. Among these three structural factors, the character of labor market explains essential needs for organizations creating new employment conditions particularly for the disadvantaged.

The concept of social enterprise originated first at the beginning of 1990s in South Korean social movements and has been then developed in the course of an interaction between these social movements and the government during the economic crisis and recovery since the late 1990s. This interaction led in 2006 to the enactment of a specific law for the promotion of social enterprise which can be considered as a form of governmental acknowledgement towards this specific type of enterprise. The path followed by the social enterprise concept in South Korea shows that this country has built up in less than 15 years what took some 30 years in European countries with the installation of the NBLS in 2000 and the enactment of the 2006 Law for the promotion of social enterprise.

Such an evolution is in line with the traditional top-down culture of South Korea but represents as well a common feature with most European experiences based upon a bottom-up movement often launched by the civil society and then acknowledged by the State. From this point of view, we can say that the development of social enterprise concept in South Korea illustrates important change of relations and role among civil society, state and market typically in the Korean context as well as generally in the international trend. What is more specific to Korea is the grip put by the government on the terminology itself. Today the use of

the name “social enterprise” requires a governmental certification and the official website of social enterprise is a governmental one. One can perceive here the long tradition of state monitoring in Korea which is the mark of a State control rather than a State recognition of civil society.

Whereas there has been consensus on the enactment of this Act in the government and political circles, it is remarkable that actors in the field have been in doubt because most initiatives have been organized in a top-down way. Many actors in the field also contested government’s intention which desired involvement of private company in the social enterprise development⁴. However, by being passed in the National Assembly, the Act became a strong leverage of government for shaping social enterprise both in reality and in concept.

In sum, the content of the Social Enterprise Promotion Act should be regarded as the result of interactions among various normative interpretations in the field and government’s political intention. Backed up by the Act, organizations in various institutional categories began to reinterpret themselves in the light of the social enterprise concept. We can foresee that this kind of interactive process between legislation and self-perception of actors could continue for the time being until getting to general consensus on the concept.

MAIN REFERENCES

- Bidet, Eric. (2009). *The Rise of Work Integration and Social Enterprise in South Korea*, EMES Conferences Selected Papers Series, ECSP-B08-17 (also available on the internet:
http://emes.net/fileadmin/emes/PDF_files/Selected_Papers/Serie_1_Theme_4/ECSP-B08-17__Bidet_.pdf)
- Borzaga, Carlo and Defourny, Jacques (Eds.). (2001). The Emergence of Social enterprise, Routledge, London, 386 p
- Borzaga, Carlo and Spear, Roger (Eds.). (2004). Trends and Challenges for Co-operatives and Social enterprises in Developed and Transition Countries, Edizioni31, 280 p
- Davister, Catherine, Defourny, Jacques and Grégoire, Olivier (2004). *Work Integration Social enterprises in the European Union: An overview of existing models*, PERSE Transversal Report, EMES Working Paper 04/04, 30 p (also available on the Internet: www.emes.net/index.php?id=34)
- Eum, Hyungsik, (2008). Social economy and social enterprise in South Korea, Working

⁴ The Act defines private companies who support social enterprises with various ways (financial support, purchasing goods and services produced, and so on) as connected companies. These connected companies are not directly responsible for the employment of workers in social enterprises (Article 15) and could benefit tax reduction for the part with which they provided to social enterprises (Article 16). The government supposed that social enterprises with connected companies could be more sustainable than others. Furthermore, actual government suggests that private companies should more involve in the development of social enterprise, and recently, removed the limit of share owned by major shareholder (formerly, maximum 50%) in order to attract private companies’ involvement (www.molob.go.kr).

Together Foundation (*in Korean*)

Holliday, Ian and Kwon, Soonman. (2007). *The Korean welfare state: a paradox of expansion in an era of globalisation and economic crisis*. International Journal of Social Welfare, 16, pp 242-248, Blackwell Publishing

Jahwal Jeongbo Center (Self Employment Development Agency-SEDA) (2006). The Current Situation of Self-help Support Centers Activity, 1, August, Seoul (*in Korean*)

Jones, Randall. (2005). The Labour Market in Korea: Enhancing Flexibility and Raising Participation, OECD Economic Department Working Papers, 469, 21 p

Ministry of Health and Social Affairs. (2006). Guide for Work Integration in 2006, Seoul (*in Korean*)

Ministry of Labor & Research Institute of Social Enterprise, (2009) Social Enterprise Directory (*in Korean*)

Ministry of Labor website: <http://www.molab.go.kr/>

National Statistical Office website: <http://kostat.go.kr>

Nyssens, Marthe (Ed.). (2006). Social enterprise, At the Crossroads of Market, Public Policies and Civil Society, London and New York: Routledge Taylor & Francis Group

OECD. (2000). *Labor Market Reform and Social Safety Net Policies in Korea*, OECD Observer

OECD. (2005). Economic Survey of Korea 2005

Peck, Jamie, (2001). Workfare states, New York: The Guilford Press

Presidential Commission for Employment. (2006). Employment in Social Services, Seoul (*in Korean*)

Self Employment Assistance. (2008). Available online at: <http://workforcesecurity.doleta.gov/unemploy/self.asp>

Social Enterprise website: <http://www.socialenterprise.go.kr/>

Spear, Roger and Bidet, Eric. (2005). *Social enterprise for Work Integration in 12 European Countries: A descriptive Analysis*, Annals of Public and Cooperative Economics, 76/2, Blackwell Publishing, 36 p

U.K. Department of Trade and Industry. (2002). Social Enterprise – A strategy for success