

Models of social enterprise in South Korea

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INTRODUCTION

South Korea (hereafter simply referred to as “Korea”) is probably one of the countries in the world that has gone the furthest in the promotion of social enterprise. In this chapter, we trace the development of concept of social enterprise over time and then develop a typology of different forms of social enterprise in the Korean context.

In Korea, the social enterprise concept is often related to the 2006 Social Enterprise Promotion Act (hereafter referred to as the SEPA), enacted in December 2006 and monitored by the Ministry of Labour. This Act restricts the use of the title “social enterprise” to officially certified social enterprises, or “SEPA social enterprises”. This limited use of the term social enterprise contributes to generating an often restrictive understanding of the concept and of the way in which it has evolved in Korea. In fact, many initiatives other than “SEPA social enterprises” and that could be considered as social enterprises have appeared before or after the enactment of the SEPA, and these initiatives should not be ignored, as all of them contribute to building the concept and models of Korean social enterprise in a large sense.

Therefore, in order to grasp the diversity of and the broad dynamics that surround the social enterprise concept, we will, when exploring the social enterprise phenomenon, not limit our analysis to SEPA social enterprises. Additionally, several different terms used to refer to initiatives that could be considered as social enterprises (and in particular, those supported by public schemes) and their development processes will be compared to SEPA social enterprises.

In this chapter, we first briefly describe, in section 1, the historical development of the main concepts related to social enterprise in Korea. In section 2, we then present the articulation between the two complementary levels that we identified—meta-models and single models of social enterprise—before presenting these models and their main trajectories of institutionalisation. In the concluding section, we emphasise that the concept of Korean social enterprise is not a fixed concept but that it is currently evolving within the relationship between public authorities and civil society.

1. HISTORICAL PERSPECTIVE

Unstable labour market situation influenced the emergence of social enterprise in Korea. As stressed in our previous work (Bidet and Eum 2011; Bidet 2012), the Korean labour market structure is characterised by a relatively low employment rate and a low percentage of stable jobs on the well-protected primary labour market, which offers good working conditions and social protection, while the secondary labour market, which is very flexible and where wages, job stability and social protection are much lower, is dominant. The labour market problems, with high inequalities, social exclusion and poverty, became more apparent with the 1997 Korean financial crisis. A rising poverty rate since the mid-1990s and a deteriorating income distribution generated a growing feeling that the Korean society is a dual society, divided into people with stable jobs and those with unstable jobs (the so-called “irregular workers”).

This macro-level economic and social problems influenced the emergence of social enterprise initiatives. The first initiatives were “worker collectives”, “consumer cooperatives” and “medical cooperatives”; they appeared in the late 1980s as experimental responses to the problems of unemployment and poverty, but also as the expression of a more positive vision of society, based on democracy and fairness. Worker collectives, which were derived from the European model of worker cooperatives, emerged as a tool for community development, job creation and struggle against poverty. Meanwhile, consumer and medical cooperatives emerged from the development of closer relations between consumers and producers to serve a social purpose—respectively promoting organic agriculture and maintaining an equal access for all to basic healthcare. For a while, though, most of these early independent initiatives remained very small and local experiences.

As a consequence of the struggle against unemployment and related issues during the Korean financial crisis of 1997, the interest for the social enterprise model began to pervade public policies through the self-sufficiency programme and public works programme. Although the term “social enterprise” was not yet used at this stage, the model shared significant features with that of social enterprise. Self-sufficiency and public works programmes influenced civil society actors and public policies, fostering collaboration to build a concept of social enterprise. For example, the National Basic Livelihood Security (NBLs) system, established in 1999, stresses the concept of self-sufficiency through the introduction of a work integration chapter. Under the NBLs system, “self-sufficiency enterprise” activities were supported by the government with a view to fighting unemployment and exclusion.

In the late 1990s, the term “social jobs” appeared for the first time to refer to jobs in activities that were socially useful but not clearly profitable. The Ministry of Labour and the Ministry of Welfare launched the social job programme in order to solve not only work-related issues, such as unemployment and poverty, but also social issues, such as an aging society and a growing need for childcare and social welfare. In the late 1990s, the OECD began to stress the huge deficit of jobs in the health and social welfare sectors in Korea, compared to other developed countries. In order to deal with the rapidly emerging needs for jobs in these sectors, new policies were therefore designed for the promotion of “social jobs”.

Faced with both the lack of entrepreneurial competence of the target people and the growing bureaucratisation of the programme, social movement activists picked up and promoted the concept of social enterprise as an alternative ideal and an operational model for their ideas of setting up organisations able to economically and socially empower disadvantaged people. In 2003, a few activists launched a social enterprise support centre; this represented the first perceptible and formal expression of interest for the term “social enterprise”. Compared to the self-sufficiency model, which aimed to support very small firms launched by unemployed people to generate sufficient resources for their living, the supporters of the initial concept of “social enterprise” put greater emphasis on the collective benefits of the initiatives. More and more actors followed this perspective, and the term “social enterprise” began to spread in the Korean media and scientific community.

This initial concept of social enterprise, emphasising collective benefits, inspired the Social Enterprise Promotion Act (SEPA), which was passed in 2006. The aim of the SEPA was to reinforce social services provision by increasing public expenditure, encouraging the formation of a social services market, and promoting social enterprises as an important social services delivery system. The SEPA contributed to the quantitative development of social enterprises: by 2017, there were 1,975 certified social enterprises in Korea. However, the SEPA also generated a system of state control on social enterprise, including monitoring of the certification process, granting of employment subsidies, and setting up of support agencies such as the Korea Social Enterprise Promotion Agency (KOSEA).

The local authorities started to use social enterprise to deal with local issues such as the preservation of local employment, the promotion of local food, and the provision of social services in the areas of health, ageing, housing and education, among other fields. Several young reformist governors who had been elected in 2010 contributed to introducing local systems for the promotion of social enterprise, with the aim of preparing initiatives—so-called “pre-certified” or “preliminary” social enterprises—to be then certified at the national level under the SEPA.

The SEPA also inspired other national ministries, which introduced their own schemes to support social enterprises related to their field of interest—such as the “community business scheme”, introduced by the Ministry of Security and Public Administration in 2011; the “rural community enterprise scheme”, launched by the Ministry of Agriculture, Food and Rural Affairs in 2011 as well—or set up schemes of preliminary certification to support organisations in the process towards a national certification by the SEPA.

The Korean government also tried to attract big companies as fund providers for social enterprises or direct operators of social enterprises in order to boost the effect of public funding and to make social enterprises more sustainable, based on solid management skills.

This accumulation of public schemes contributed to making social enterprise more visible and more attractive, but also more complex and more closely monitored by the government, both at the central and local levels. As the number of social enterprises increased, in relation with the different supportive schemes, critical views also developed, stressing above all the question of the sustainability of most of the supported enterprises in the medium term. This concern generated a reflection on what a suitable eco-system for a sustainable and appropriate development of social enterprises would be. After 2011, some organisations, including consumer cooperatives, picked up and promoted the concept of social economy to refer to this eco-system. This tendency found a decisive support with the introduction, in 2012, of the Framework Act on Cooperatives, which opened the way for the creation of new cooperatives such as worker cooperatives and social cooperatives that were not unknown in Korea but had not hitherto had any appropriate legal framework to operate. This Act also raised the interest for existing cooperatives, like consumer cooperatives, which had remained outside the social enterprise movement.¹

The concept of social economy rapidly gained in visibility and in recognition, especially with municipalities, which view social economy as an appropriate framework to embrace different initiatives in the fields of ageing, youth, health, social services, work integration, and inclusion of minorities. Under the influence of a new mayor, Wonsoon Park, originated from the social enterprise sphere, the city of Seoul became a major player in this regard, launching in 2013 the Social Economy Centre, a collaborative platform between the city, the organisations and the social investment fund as a financing body for social economy initiatives.

2. META-MODELS AND SINGLE MODELS OF SOCIAL ENTERPRISE

In order to grasp the diversity of social enterprise as shown in section 1, we analysed Korean social enterprises using a two-level perspective—distinguishing between “meta-models” and “single models” of social enterprise. Using the two models, we will explain the different existing social enterprise forms and their trajectories of institutionalisation.

The “meta-model” represents a national dominant conception or a consensual view of social enterprise, with a strong structuring power and an ability to satisfy and inspire different perspectives. On the other hand, a “single model” corresponds to the main concrete realisations which are inspired by this dominant view. Our analysis explores how a national dominant conception, i.e. a “meta-model”, generates different single concrete types of social enterprise—or, in other words, different “single models”—and how both meta- and single models evolve under the influence of social, political and economic forces.

We identified three meta-models of social enterprise which have been successively used in the Korean context: i) the *self-sufficiency meta-model* expressed in the pioneering integration schemes that were set up in the early 2000s; ii) the *SEPA meta-model* was shaped by the SEPA, enacted in 2006; and iii) the *social economy meta-model* gained a growing legitimacy after the enactment of the 2012 Framework Act on Cooperatives (FAC).

2.1. SE “meta-models”

The “single models” that will be described in section 2.2 are related to one or several meta-models that contributed to generating them and/or that they contributed to generate, in a constantly dynamic, interactive and evolving process. Our presentation of each meta-model will help to explain this process.

The self-sufficiency meta-model

The self-sufficiency programme introduced in 1996 in Korea as a public policy can be considered as a pioneering step for the social enterprise phenomenon. The self-sufficiency programme still remains today an important social integration system, with well-organised infrastructures in both the public and the private sectors and significant resources, such as a large public budget, considerable human resources, specific knowledge and internal/external networks. The self-sufficiency programme is a broad public scheme, including various kinds of sub-programmes across two different ministries—namely, the Ministry of Health and Welfare and the Ministry of Labour. However, in this section, we will focus more specifically on the sub-programmes directly related to the social enterprise phenomenon, which are carried out through the 247 local self-sufficiency centres (LSSCs) distributed across the national territory.

The self-sufficiency programme aims to promote the work integration of the beneficiaries of the National Basic Livelihood Security (NBLS) and of the poor who cannot benefit from the NBLS or its different sub-programmes because their income is just above the income threshold defined by the NBLS. It should be noted that the self-sufficiency programme is more related to anti-poverty policies than to unemployment policies or enterprise policies. This is the reason why it is closely articulated with the NBLS and is the responsibility of the Ministry of Health and Welfare. The main programme includes several different sub-programmes, which are proposed to participants by the social workers in local authorities according to the participants' profile.

Although the sub-programmes closely related to the social enterprise phenomenon involve less than half of all participants in the whole self-sufficiency programme, they have often been presented as an essential and symbolically important part of the programme. “Self-sufficient enterprises”, “market-type self-sufficiency work projects” and “social-job-type self-sufficiency work projects” can be considered as typical models, among others, of social enterprise. Table 5.1 shows the general architecture of the self-sufficiency programme and of the related sub-programmes, according to target groups and operating agencies.

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Whereas the “market-type self-sufficiency work projects” and the “social-job-type self-sufficiency work projects” can be considered as preparatory stages before the launching of a real “enterprise”, the “self-sufficiency enterprise” is a real social enterprise model in itself. According to the current programme, self-sufficiency enterprises should be established by at least three NBLS beneficiaries or poor persons. If more than one third of the workers in the self-sufficiency enterprise are NBLS beneficiaries and if the enterprise can generate a turnover covering a certain level of wages, the self-sufficiency enterprise can be supported by the local authorities or the LSSC, for a maximum of three years.

Unlike the self-sufficiency work-project teams, which are dependent, organisationally, on LSSCs and, financially, on public subsidies, self-sufficiency enterprises officially have their own independent governance structure; they take economic risks and receive little direct financial support. As enterprises providing employment to NBLS beneficiaries or poor persons, self-sufficiency enterprises can engage in any field of activity, from agriculture to social services and manufacturing. Regional and national-level consortia structuring self-sufficiency enterprises operating in the same field are possible and even encouraged by public policies. In 2016, the estimated number of self-sufficiency enterprises was 1,334, and they provided together 9,147 jobs, including 2,303 jobs for NBLS beneficiaries (25.2%), i.e. an average of seven employees/unit (Central Self-Sufficiency Foundation 2016).

Local self-sufficiency centres themselves tend to evolve into a social enterprise model. Indeed, until now, although LSSCs were operated by associations, religious organisations and cooperatives, they had remained almost totally financed and regulated by public authorities; they were thus not really independent nor exposed to economic risk. But the recent debates surrounding the reform of the self-sufficiency programme may drive them towards a new financing system and a new legal form (namely that of social cooperative), according to the 2012 Framework Act on Cooperatives. LSSCs could then become independent from the control of public authorities but would then assume financial risk, and

they could then be considered as a social enterprise model for work integration (through their self-sufficiency work projects) and local development (through the support they provide to self-sufficiency enterprises and other social enterprises).

Available data on the number of participants in the parts of the self-sufficiency programme closely related to social enterprise is summarised in table 5.2.

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The self-sufficiency programme has experienced two major institutional developments. The first one corresponded to the introduction of the self-sufficiency programme as a public pilot project, in 1996. It can be considered as the first step of its institutionalisation, which gave a legal recognition to pioneering social movement initiatives inspired by the worker cooperative model. The integration of the programme into the NBS scheme, in 2000, represents the second major step; it significantly changed the programme's main original orientation. The current model of self-sufficiency enterprise has been shaped through these two stages of the institutionalisation process.

This two-step institutionalisation process also led to a strengthening of the organisational infrastructure of the whole self-sufficiency system. LSSCs are considered as essential intermediary bodies in the self-sufficiency programme; their number continuously increased, from five at the beginning of the pilot project in 1996 to 249 in 2010—there are now LSSCs in every county. From the beginning, the role of a federation of LSSCs has been recognised as crucial for maintaining and diffusing the original model, which stresses the idea of self-sufficiency of the poor based on strengthened community networks. Regional self-sufficiency centres (SSCs), regional support centres for social services and the Central Self-sufficiency Foundation have been successively created by the government to support the professionalisation of LSSCs and the scaling up of their activities at the regional and national levels. They aimed at diffusing the original self-sufficiency idea, emphasising the worker cooperative model. However, the growing involvement of new actors, disconnected from local social movements, led to a reshaping of the original view and introduced various kinds of interpretation of the self-sufficiency programme. In this sense, it can be argued that the self-sufficiency programme has played a role as an incubator and a laboratory for new social enterprise models and has provided an archetype of successful social enterprise models.

The SEPA meta-model

With the Social Enterprise Promotion Act, passed in 2006, Korea became the first Asian country to enact a specific legal framework supporting and labelling social enterprise. The 2006 SEPA defines a social enterprise as “*a certified organisation 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*”. Based on this definition, the SEPA model proposes its own conditions and procedures for certification, and its own supportive eco-system for promoting social enterprise through the certification. Although the SEPA model constitutes a specific model of its own, it was initially designed as a secondary labelling for various existing social enterprise models; as such, it allows important public support to social enterprises and plays a role of meta-model in (re)shaping various single social enterprise models wanting to get the label.

Apart from the definitional clarification of the social enterprise concept, the SEPA details the supportive system for the promotion of organisations that can be considered as social enterprises according to this definition. The conditions emphasised in the SEPA can be easily related to the characteristics of the EMES ideal-type of social enterprise (business activity, social purpose and participative governance), as shown below.

- **Business activity:** there is no specific legal form for SEPA social enterprises; these can operate under any of the various existing legal forms available to organisations. The SEPA adds specific

rules to the original legal framework in order to express the organisations' social purpose and their participative governance. The SEPA provides that the organisation must have at least one paid employee and must assume an economic risk, which is expressed here by the fact that the total income generated by the organisation's business activities for the past 6 months before the date of the application for certification should represent more than 30% of the total labour cost.

- Social purpose: five main types of social goal have been considered under the revised version of the SEPA (2010): (1) offering jobs to vulnerable social groups; (2) providing vulnerable social groups with social services; (3) providing both jobs and social services to vulnerable groups; (4) improving the quality of life in the local community; and (5) other goals which refer to social purposes difficult to judge on the basis of the ratio of employment or provision of social service (this may for example be the case of social enterprises with an environmental dimension). The social purpose is also guaranteed through a specific regulation regarding profit distribution. If the basic legal form of the organisation allows profit distribution (as e.g. in the case of companies registered under the Commercial Act), specific rules specify that two thirds of the profits should be reinvested and serve the social purpose, instead of being distributed. Moreover, if an enterprise has to close down, two thirds of the remaining assets should be given to other social enterprises or to a public interest fund. These rules should be explicitly mentioned in the organisation's statutes.
- Participative governance: the 2006 SEPA requires that the applying organisation allow different kinds of stakeholders to participate in the governance; this requirement must be mentioned in the statutes, although the "one person, one vote" rule is not explicitly required. Until 2012, since there was no official legal status allowing an explicitly multi-stakeholder governance structure, this condition was respected in indirect ways: in each organisational type, stakeholders other than the main stakeholders participated in the governance structure as additional constituting elements. The social cooperative chapter was introduced in the 2012 Framework Act on Cooperatives in order to address this legislative gap regarding the participatory governance structure in the SEPA model.

In order to help certified social enterprise achieve economic sustainability, the government provides certified social enterprises with various support programmes, including both financial and non-financial forms of support. The most important financial support is the subsidisation of the labour cost of employees and professional staff. There are also subsidies for social insurance fees and project funding for business development. Indirect financial support includes tax exemptions on social enterprises' income and tax rebates linked to donations to social enterprises. Among non-financial supports, there are consulting services, collective marketing and advertisement for social enterprise label, and support in mobilising volunteers among retired professionals. These forms of non-financial support are provided through 14 regional support agencies, which are coordinated by the KOSEA. These regional support agencies also provide training and consulting services for people who want to create social enterprises.

With such strong financial and managerial support from the government, the number of social enterprises has increased sharply during last 10 years. In 2007, when the SEPA was passed, only 55 social enterprises were certified; in May 2017, there were 1,975 certified social enterprises in total. Among them, 60% were job-creation-type social enterprises, and about 20% were mixed-type SEs. Overall, 80% of certified social enterprises thus aim to achieve the social objectives of providing job opportunities and/or social welfare services to vulnerable people.

In May 2017, the main industries in which certified social enterprises were active were social services (13.4% of enterprises), culture (12.1%), cleaning (10%), education (8.4%) and environmental activities (6.4%). Various kinds of activities for the work integration of disadvantaged people, gathered under the "Other" category in the statistics of the Korea Social Enterprise Promotion Agency, represented 46.3% of enterprises. The high relative importance of the "social services" and "cleaning" categories can be accounted for by the fact that many self-sufficiency enterprises—many of which were/are active in these categories—have become certified social enterprises.

Besides the SEPA scheme, as already mentioned, a local system of “pre-certification” for enterprises willing to apply for SEPA certification at the national level was introduced in 2011. Through this preliminary certification system, the Ministry of Labour introduced a collaborative way to deal with social enterprise through regional governments and other ministries in the central government. Indeed, the preliminary certification is awarded by regional governors or ministers of the central government to organisations fulfilling the minimum legal conditions necessary to be certified as a social enterprise—including the realisation of a social purpose and the generation of profit through business activities—but not satisfying some requirements, such as the mandatory re-investment of profits for social purposes. The idea is to provide support to “pre-certified” SEs during a short period (of one to three years), until the organisation meets the necessary missing requirements to be recognised as a certified social enterprise through the SEPA and thus receive full support from the Ministry of Labour. By May 2017, there were 1,192 preliminarily certified enterprises—971 pre-certified by regional governors and 221 by ministers of the central government.

The social economy meta-model

Compared to the two previous meta-models, the social economy meta-model is at an earlier stage of development; consequently, it is still difficult to analyse it in a coherent way. This difficulty is reflected in the complex ongoing debates on the “Framework Act on the Social Economy”. Therefore, we will focus here on this model’s trajectory of institutionalisation and on its role as a meta-model.

At the beginning of the 2000s, the concept of social economy appeared sporadically within small groups of social movement activists and in a few studies by some researchers to refer to the economic dimension of civil society. The reference to the social economy officially appeared with civil society organisations, including new cooperatives, certified social enterprises and various organisations engaged in work integration: in 2008, these organisations launched a platform dedicated to the promotion of the social economy. It was then discussed by a few research fellows, who initiated research and surveys on this issue, and finally picked up by local governments, which opened “social economy centres” and introduced local decrees devoted to the development of the social economy. The social economy concept rapidly found strong support from the local governments, as it was frequently articulated with local issues such as local food, social inclusion or community development. It now tends to become an encompassing concept, embracing different initiatives with various legal forms in the fields of ageing, youth, health, social services, work integration, inclusion of minorities, etc.

This broad interest for the social economy concept is also closely related to the development of new (and independent) cooperatives in the 1980s and the 1990s, and to their full legal recognition through the Consumer Cooperative Law of 1999 and the 2012 Framework Act on Cooperatives. Unlike the more traditional cooperative movements in Korea, which resulted from a top-down process and were submitted to strict government supervision, these new cooperatives emerged from a bottom-up process and remained independent. They are engaged in three major fields of activity: the promotion and distribution of organic food and the provision of health care, for consumer cooperatives, and the creation of jobs—often related to community development—for worker cooperatives. They thus share several features and aims with the social enterprise as defined by the SEPA, and medical cooperatives, operating as a specific form of consumer cooperatives, are actually considered as one of the eligible legal forms to get the SEPA certification.

With the exception of medical consumer cooperatives, cooperatives were usually not considered as social enterprises, though. The main consumer cooperatives, which became powerful economic actors, with several hundred thousand members for the largest ones, however played an interesting and central role in the promotion of the social economy concept and its close articulation with the cooperative model. The introduction of the 2012 Framework Act on Cooperatives boosted this rising interest for the cooperative as a prominent socio-economic model by providing a suitable legal framework for the constitution of new cooperatives inspired by the European models of social cooperatives and worker cooperatives. This law and the success encountered by the new cooperatives generated a new interest

for the cooperative model in itself, including traditional cooperatives—which, however, despite gaining partial autonomy from the 1990s onwards, are still commonly perceived in Korea as quasi-governmental organisations, due to their long history of submission to public control.

The social economy is becoming an increasingly dominant concept, challenging the previous meta-model, based on the SEPA. Indeed, despite small differences among the various promoters of the concept, the social economy approach commonly tends to include self-sufficiency enterprises, SEPA social enterprises, community business organisations, community enterprises in rural areas, consumer cooperatives, and cooperatives registered under both specific laws for traditional cooperatives and the 2012 Framework Act on Cooperatives. It is still questionable whether various types of association will find a room inside this social economy concept. If such an evolution were to occur, the self-sufficiency meta-model and the SEPA meta-model may become single social enterprise models under the broader social economy concept.

The social economy model is undoubtedly in the process of becoming in Korea a kind of “integrated” model, in which various single social enterprise models can be articulated. However, the social economy model cannot yet be considered as a stable model, nor as a consensual one, as the concept is promoted with different views. The first one reflects a top-down process through which public authorities, politicians and some researchers promote the social economy as a broad concept, covering different kinds of social enterprise models developed by different public policies. Such a view is focusing on how the scattered public policies concerning social enterprises can be articulated under the integrating “umbrella” concept of the social economy and a specific coordinating public authority. The second one corresponds to a bottom-up process; it does not stress the need for institutionalisation through legislation but defends a more substantial construction of the social economy sector, on the basis of the actors who acknowledge themselves as components of this sector. In this movement, the social economy concept is rather used as a symbol and a means to highlight the strengthening of civil society initiative in the social enterprise phenomenon. Rather than searching to form a concrete model through a hasty legal institutionalisation, the proponents of this approach, who are mostly civil society activists and researchers, stress the need for an institutionalisation through the movement’s development. Their efforts can be observed through the development of a network organisation called the “Korea Cooperative and Social Economy Alliance”, which gathers 40 umbrella or single organisations. Implicitly, this movement suggests a model that is similar to the European concept of social economy, i.e. a model first rooted in the action of actors and only subsequently generating a form of legal institutionalisation—though it must be stressed that only a few Western European countries (among which Spain, France and Portugal) and a few regions (like the Walloon Region in Belgium)—have enacted so far a general law on the social economy.

2.2. SE “single models”

The complex eco-system surrounding the social enterprise phenomenon contributed to the generation of a large range of single models of social enterprise in the Korean context, including initiatives that may not be spontaneously recognised as part of this phenomenon. On the basis of an abundant material, gathered through interviews and field research for several consecutive years, we distinguished three main categories of social enterprise “single models”, according to their degree of institutionalisation, their main claimed target, their operating features and their proximity to policies specifically designed for social enterprises. These three categories are: (1) public-policy-driven models; (2) models resulting from the reinterpretation of existing experiences; and (3) emerging models. In each of these three categories, we found a few typical models of social enterprise that led us to build a general typology of Korean social enterprises, as shown in table 5.3.

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Public-policy-driven models

The *first category*, which corresponds to so-called “*public-policy-driven models*”, includes the models that have been driven by public policies which are explicitly related to and target the social enterprise concept. Each model in this category is shaped by public policies aiming to deal with unmet needs of society, such as those linked to an increasingly aging population, the lack of local development opportunities or increasing unemployment rates. Public policies focused on the employment of the elderly or on local and rural development were introduced under the strong influences of the social enterprise phenomenon. More specifically, three models can be included in this category: *initiatives for the employment of the elderly* (type 1), *community businesses* (type 2) and *community enterprises in rural areas* (type 3).

Initiatives for the employment of the elderly (type 1) are providing work opportunities especially to older people, over 65 years old. Senior clubs selected by public agencies provide relevant services to the seniors to help them perform economic activities. Although the idea of supporting economic activities of older people was originally influenced by the concept of self-sufficiency, after the SEPA was passed, any organisation supporting economic activities of the seniors became able to apply for the SEPA certification. However, obtaining a social enterprise certification has somehow become a minor issue for these SEs, as these public schemes focus more on increasing the quantity of jobs created than on ensuring their quality and sustainability. The government has recently started encouraging employment initiatives for the elderly to adopt the legal form of social cooperative.

Community businesses (type 2) result from the convergence of two different paths of development. One corresponds to the various community-building activities that have been organised by local grassroots organisations since the mid-1990s. The other is the public-work programme initiated in 2008 by the Ministry of Security and Public Administration, under the influence of the global financial crisis. According to this public-work programme, the title of “community business” can be granted to various kinds of moral entities, such as private enterprises, non-profit corporations, cooperatives and agricultural corporations. Local people create community business organisations to carry out economic activities that mobilise mainly local resources to promote local development and provide jobs and income to people in the local community.

Community enterprises in rural areas (type 3) are inspired by experiences launched in rural areas by young urban people who were mainly motivated by personal well-being, as well as by environmental concerns and a community vision. These young newcomers initiated some interesting experiences in collaboration with the traditional networks of village people. In 2010, influenced by the success of the SEPA, the Ministry of Agriculture, Food and Rural Affairs reframed these pioneering experiences as a specific kind of social enterprise specialised in rural areas. This Ministry introduced a new public scheme, called “Community enterprise in rural areas”, which emphasises the “voluntary participation of local people”. In practice, many initiatives are developed based on a joint project between initiators with an entrepreneurial competence, who left the urban life to come to live in rural areas, and traditional networks of village people. In principle, community enterprises in rural areas are independent from public authorities and from other private enterprises.

Models resulting from the reinterpretation of existing experiences

The *second category*, i.e. that of *models resulting from the reinterpretation of existing experiences*, includes models that already existed before the emergence of the concept of social enterprise but have been gradually “reinterpreted” through a SE approach after the SEPA was passed. Social enterprise models in this second category have their own relatively consolidated communities, including related initiatives and support schemes. Although they were not, initially, explicitly inspired by or related to the concept of social enterprise, these models eventually contributed to the emergence of specific forms of social enterprise and to the reinforcement of the social enterprise phenomenon. In this category, we have identified three different models: *social enterprises for the disabled* (type 4), *medical cooperatives* (type 5) and *self-sufficiency initiatives for socially disadvantaged people* (type 6).

Vocational rehabilitation facilities are an example of *social enterprise for the disabled* (type 4). They are managed by non-profit organisations, which are in turn regulated by the Ministry of Health and Welfare. Although vocational rehabilitation facilities rely upon resources generated by their economic activities, they often belong to welfare foundations or associations, which receive financial subsidies and donations. For this reason, vocational rehabilitation facilities can be considered as subsidiaries—or sometimes even simple vocational programmes—of parent welfare foundations or associations.

Medical cooperatives (type 5) have been initiated and promoted since the mid-1990s by various local social movements. They are cooperatives which provide medical and social services to local people. Medical cooperatives were first institutionalised as a specific sort of consumer cooperative, according to the 1998 Law on Consumer Cooperatives. Since the enactment of the 2012 Framework Act on Cooperatives, medical cooperatives have endeavoured to transform themselves into social cooperatives as defined by this law. As a social cooperative, a medical cooperative is a non-profit organisation that must pursue at least one of two main social aims defined by the 2012 Framework Act on Cooperatives: community development, or job and/or service provision to a specific disadvantaged group.

There are also self-sufficiency initiatives that have been developed in relation to *specific categories of socially disadvantaged people* (type 6), for example homeless people, North Korean migrants or sex-trafficking victims. These three categories of disadvantaged people each have their own public schemes, namely—respectively—the Act on the Support for Welfare and Self-reliance of the Homeless, the North Korean Refugees Protection and Settlement Support Act, and the Act on the Prevention of Commercial Sex Acts and on the Protection of, Support to and Integration of Victims. According to their aims and main features, these initiatives can also be related to and supported by the schemes targeting social enterprise through the different targeted groups identified as potential recipients by the SEPA.

Emerging models

The *third category* refers to “*emerging models*”. Emerging models do not have dedicated institutional settings in existing schemes yet, but they try to explore original and innovative paths. Given their only weakly institutionalised character, these models often allow for more innovative approaches towards the social enterprise concept. Therefore, and although there are not so important as other models in quantitative terms, they mean a lot for the social enterprise phenomenon. Quite logically, clearly identifying the features of these emerging models is more difficult than doing so for well-established ones. Nonetheless, some categorisations are frequently used to define and even promote these models. Although social enterprise models in this category do not have any formal frameworks and these initiatives do not necessarily self-proclaim themselves social enterprise, we consider, on the basis of our knowledge of foreign experiences and of reasonable inference, that they are part of our typology. Two models have been identified in this category: *social ventures for the youth* (type 7) and *social-innovation and ethical enterprises* (type 8).

Social ventures for the youth (type 7) are the groups participating in the “Young Social Entrepreneur Support Programme” ran by the Korean Social Enterprise Promotion Agency (KOSEA) and launched in 2011. Selected groups are entitled to have economic and managerial support from the government for one year. The social aims of social ventures for the youth are relatively diverse in comparison to those of other types of social enterprise. According to the KOSEA programme guidelines, the business areas of social ventures for the youth can be related to education, childcare, social services, environment, culture/art/tourism/sports, health, forest management, care services, or others. Although these initiatives are voluntarily created by a group of people and governed by them in the framework of the Young Social Entrepreneur Support Programme, their activities are monitored by and reported to intermediary support agencies which are selected by the Ministry of Employment and Labour. These agencies organise and manage the whole project under the guidelines defined by the government. Social ventures for the youth must regularly report on their business progress and their use of funds to the intermediary support agencies. Moreover, they have to make use of regular consulting services provided by consultants selected by the government. Although these initiatives could gain a higher degree of autonomy after the

one-year government support ends, it appears that their degree of autonomy can be said to be relatively weak, as most of them can hardly survive after the period of public support.

Social-innovation and ethical enterprises (type 8) are initiatives launched by various groups or by individual people mainly in order to implement their social, ethical or ecological values. A good example of a social enterprise of this type is provided by “People’s Houses”; this initiative, which is strongly related to the left-wing political movement, has developed activities such as cafés, libraries, cultural activities and permanent education programmes. Other examples include initiatives launched by individuals who started and developed their business independently from existing public schemes or big companies’ financial support; such initiatives can be detected and related to the social enterprise phenomenon through private social entrepreneur support programmes, such as the Ashoka Fellowship, the Beautiful Fellowship or other social investment programmes. They can be also detected through media, including social media.

CONCLUSION

In this chapter, we analysed the social enterprise phenomenon in the specific context of Korea. In Korea, the concept of social enterprise emerged and evolved as a combination of general features and local specificities produced by a particular historical trajectory and specific political background and cultural values. We assume that the social enterprise phenomenon cannot be completely understood in Korea through the single reference to the 2006 SEPA, which only reflects the perspective of the Ministry of Labour. Therefore, we consider that social enterprise is not a fixed entity or organisational form, with precise and stable boundaries. Consequently, we provided an analysis based on multiple social enterprise meta- and single models, which help us grasp the complexity and dynamics of the social enterprise phenomenon in Korea.

The “meta-models” of social enterprise allow to identify relevant landmarks in the development of social enterprise and constitute an appropriate conceptual tool for understanding and describing a complex and dynamic phenomenon which is embedded in civil society, public policies and entrepreneurial spirit. Three successive meta-models were identified, namely the “self-sufficiency”, the “SEPA” and the “social economy” meta-models. They reflect a permanent evolution, with diverse and controversial concepts and realities, over a relatively short period. This dynamic generated several financial schemes and different kinds of institutionalisation processes of innovative organisational forms through the introduction of *ad-hoc* public policies, including new legal frameworks.

Although a meta-model represents a consensual view, which is in principle strong enough to generate a specific national legal framework, we found that in the Korean context, such a consensus was unstable and was constantly being re-discussed. As an expression of consensus, the meta-model may reflect a compromise and be exposed to tensions, distortion and isomorphism. As a matter of fact, stakeholders, especially the government, governmental agencies or corporations may attempt to deflect some initial features, depending on their own interests, until the meta-model eventually no longer meets the fundamental requirements of some stakeholders that had taken part in the initial consensus. To sum up, a meta-model has the capacity to inspire different related institutional schemes, but it can also generate controversial views and a variety of initiatives and tensions that eventually contribute to the emergence of a new consensual view.

The Korean experience especially reveals interesting combinations and tensions between bottom-up initiatives from civil society and a top-down approach from public authorities, each with their own motives and values to promote this concept. Our analysis suggests that the social enterprise phenomenon in Korea should not be understood only by its expressed contents, but also be related to the motives and values which served to shape it, given that the content is only a temporally valid outcome of a dynamic that is still in process.

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ⁱ Medical consumer cooperatives are an exception in this regard; they had joined the social enterprise movement since the beginning of the 2000s.