A Typology of Social Enterprise Models in South Korea

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Introduction

Social enterprise has been a rising research object for 20 years. South Korea is an interesting case study as it is probably one of the countries which went the farthest in the world in the promotion of the social enterprise model. During this relatively short period, the implementation of several public schemes and the growing involvement of different stakeholders, including social movements, government and big corporations, produced in Korea a dynamic and complex environment for social enterprise. In this paper, we propose a typology to help understand the influence of these different stakeholders and the main forms of social enterprise that emerged.

Conceptual background and methodological approach

In the flourishing literature dealing with social enterprise worldwide, some empirical and practical contributions have been made to define the appropriate criteria of building a typology which is able to explain the variety and specificities of social enterprise.

Dees (1996) is the one who probably introduced the first decisive conceptual contribution on a typology of social enterprise. Dees (1996) defines a spectrum of social enterprise with two pure opposed figures - commercial and philanthropic. Social enterprises inspired by these two figures are described as a hybrid mixing in a specific way a set of commercial and philanthropic characteristics of business. A few years later, Fowler (2000) focuses more specifically on the articulation between earned income and social benefits in social entrepreneurship in an approach that is mostly inspired by the study of NGOs in the field of development. According to the level of intertwining between social benefits and economic activity, Fowler (2000) suggests to distinguish between three types of social enterprise: integrated, re-interpretation and complementary.

In a later publication, Borzaga and Defourny (2003) brought what has certainly become one of the most influential models of social enterprise until now. The so-called “EMES model” is relying upon a set of criteria that they use to draw a Weberian ideal-type which can compare every single real model of social enterprise. The EMES approach has inspired many comparative works within European countries (for example: Spear and Bidet, 2005; Nyssens, 2006; Defourny and Nyssens, 2008) and Asian countries (Defourny and Kim, 2011). Borzaga and Defourny (2003), inspired by the Italian experience of social cooperatives and the European concept of social economy, consider the social mission as one feature of the social enterprise among others. Meanwhile, Alter (2007) emphasizes seeking a social mission as a core characteristic of a social enterprise. In her typology of social enterprise, she identified social enterprises into three main cases: “mission-centric”,


“mission-related” and “mission-unrelated” based on how the social mission is embedded in the business model of social enterprises.

In more recent works, Kerlin (2013) developed what can be named a macro-institutional approach of social enterprise that attempts to catch the social origins of social enterprises in a national context and leads her to identify different national types that reflect a dominant model of social enterprise according to a national context. Based on the theory of historical institutionalism, her study relies upon national-level empirical data and country descriptions of social enterprise to construct a typology of national models or conceptions of social enterprise found internationally. The approach proposed by Kerlin relies upon the analysis of the conceptual definitions, historical facts, legal framework and supporting institutions surrounding social enterprise in a national context in order to identify a dominant conception of social enterprise that she considers as specific to this context. We tried to enrich and complete such an approach in two ways: i) By introducing a dynamic perspective in order to check out whether a national conception may be re-discussed and evolve into a different one; ii) By introducing a sub-level in order to understand how a national dominant conception -or a meta-model- of social enterprise may generate different single types of social enterprise which share common features but also have their own specificities. In such a perspective, the meta-models represent conceptual nodes which are unstable and constantly re-discussed and may generate several single models of social enterprise.

Mobilizing the concept of “actant” that French sociologists Callon and Latour introduced in the 1980s to understand the social construction of sciences, technologies as well as social institutions and social phenomenon, we found out that three national conceptions or meta-models of social enterprise have been successively used in the Korean context: i) the self-sufficiency conception or meta-model expressed in the pioneer integration schemes that were installed in the early 2000s, ii) the SEPA conception or meta-model designed by the Social Enterprise Promotion Act (SEPA) enacted in 2006, and iii) the social economy conception or meta-model that has gained a growing legitimacy after the enactment of the 2012 General Cooperative Law. Therefore our analysis led us to identify several successive national conceptions of social enterprise in South Korea each of them reflecting a new consensus and another balance of power about social enterprise. We assume that in the Korean context, the consensual interpretation of the social enterprise phenomenon on a general level has been especially unstable and constantly re-discussed since the emergence and institutionalization of the phenomenon in the late 1990s.

This dynamic process surrounding the social enterprise phenomenon is likely one of the factors that contributed to generate a large range of single models of social enterprise in the Korea context. Based upon an abundant material on social enterprise gathered through interviews and field research for several consecutive years and an analysis of the main data and documents dealing with social enterprise (legal texts, academic literature, media reporting), we found out that several single models of social enterprise could be identified leading to a general typology of social enterprises organized under three main categories divided themselves in several sub-categories representing the different types of social enterprise in the Korean context.

The first category, the so-called “public policy driven models”, includes the models driven by public policies explicitly related to and targeting the social enterprise concept. Each model in this category is designed by public policies aiming at dealing with unmet needs of
the society such as increasing aging population, lack of local development opportunities as well as increasing unemployment rate. Public policies dealing with elderly employment or local and rural development were introduced under the strong influences of the social enterprise phenomenon. Three models can be related to this category: **Initiatives for employment of elderly** (Type 1), **Community business** (Type 2) and **Community enterprise in rural area** (Type 3).

The second category, the so-called “reinterpretation of existing models”, is composed of models which already existed before the emergence of the social enterprise concept and have been gradually reinterpreted at the new light of this concept. Some of them have been introduced in relation with public schemes supporting specific disadvantaged communities composed of concerning initiatives and support schemes. Although they were initially not explicitly inspired by or related to social enterprise, these models eventually contributed to the emergence of specific forms of social enterprise and to reinforce the social enterprise phenomenon. Here also 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).

The third category refers to “emerging models”, i.e. models which do not have proper institutional settings in existing schemes yet, but try to explore an original and innovative path. They may be related to public schemes or to specific private initiatives. Interestingly, the weakly institutionalised characters of these models often allow more innovative approaches of the social enterprise concept. Therefore, although they are not so many in quantitative terms, it means a lot in the social enterprise phenomenon. Features of emerging models are quite logically more difficult to clearly identify. Nonetheless, there are some categorisations frequently used for indicating and even for promoting these models. Although social enterprise models in this category do not have any formal frameworks and do not necessarily claim themselves as being a form of social enterprise, we considered that such experiences could be included in our typology on the basis of the knowledge about foreign experiences and the existence of reasonable inference. Two models have been identified in this category: **Social ventures for the youth** (Type 7) and **Newly emerging models related to social innovation, ethical/ecological concept outside existing schemes** (Type 8). We actually identified a potential supplementary model that we so far named **social enterprises related to the large private companies**. Although they are not always categorized as such, these social enterprises show specific common characters. However, this model is not included in this paper as we have not gathered sufficient information to include it in our analytical framework.

In order to characterize those different models and show how they differ from each other, we picked up the so-called EMES ideal-type as our main reference and discussed how much each single model of social enterprise that we identified fits the different criteria of the three dimensions of the EMES ideal-type: **economic dimension** (the 3 indicators are: continuous economic activity, some paid work, an economic risk), **social dimension** (the 3 indicators are: explicit social aim, limited profit distribution, citizens’ initiative), **governance dimension** (the 3 indicators are: high degree of autonomy, participatory nature, non capital based decision power). Concretely we attributed a score on the five points scale for each of the nine indicators of these three dimensions in order to represent each type of social enterprise by a radar-type figure summarizing its proximity with the EMES ideal-type. The score
ranges from 1 (falls far from the EMES criteria) to 5 (fits well the EMES criteria) according to the following situations: i) The legal status have specific rule that fits well with the indicator (score 5); ii) The legal status do not provide any specific rule that can be related to the indicator but are flexible enough to allow different operating modes: score 4 if the structures usually operate according to the indicator; score 3 if there is not any dominant or significant way of doing but a variety of practices; score 2 if there is a tendency to generally operate in a way that is far to what is stressed by the indicator; iii) The legal status includes rules that do not fit at all the indicator (score 1).

**Typology of Korean social enterprises**

*Type 1: Initiatives of employment for the elderly*

Since the beginning of the 2000s, the rapid aging of the Korean population has become an important issue; the Korean government introduced various public policies across different ministries for dealing with new social needs caused by the aging society. One of the aims of these policies was to provide elderly people more opportunities to have an economic activity in order to make them more active in their social life and to give them a minimum amount of income. Considering the elderly as disadvantaged people or, at least, as people to be supported in South Korea, these models represent a typical work integration social enterprise model. Usually, the contents of economic activities are not directly related to specific social aim. Most of those programs provide partially paid jobs in socially useful activities. There are several programs inspired by the idea of work integration social enterprise for the elderly, especially the “Business Run in Senior Clubs” and the “Market-type Work Project Teams for the Elderly”. The former programs refer to independent enterprises partly supported by senior clubs, the latter programs are work project teams managed directly by senior clubs or other community welfare centres in order to prepare an independent business. Workers who are usually elderly people are paid according to the outcomes of their economic activities although the amount is very small. In the case of “Market-type Work Project Teams”, a single subsidy is provided to each participant during the project period (usually 3 years) through the agencies who manage the teams. This subsidy can be used partly to pay the wage of the participants. However, participants are paid mainly according to the outcomes of their economic activities. Usually, the amount is very small.

The original idea of senior clubs was strongly influenced by the idea of self-sufficiency. When the Social Enterprise Promotion Act was enacted in 2006, it was expected that some of initiatives in these models would get the SEPA certification. There have been indeed a few cases. But getting a social enterprise certification has become a minor issue as these public schemes focus more on increasing the quantity of created jobs rather than their quality and sustainability. Recently, the government encourages the initiatives of employment for the elderly to adopt the legal form of social cooperative. In some areas, senior clubs participate actively in regional or local social economy networks. Economic activities carried out by these models can fail and eventually be liquidated. However, usually, the participants

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1 Senior clubs are public agencies mandated to welfare foundations or associations. They are specialised in providing opportunities for economic activities to the elderly. Compared to other types of agencies such as community welfare centre, welfare centre for the elderly, and elderly people's association who carry out mainly less commercial activities, main objective of senior clubs is to promote economic activities in the marketplace.
do not bear such a high level of risk as their activities are supported by funds from public subsidies. Although these models are designed by public policies, senior clubs and welfare centres are usually commissioned to welfare foundations and associations. They operate independently vis-à-vis public authorities in the framework of pre-designed programs that these organisations should respect. Usually, these models stress a democratic and participatory governance structure. However, there are many cases which do not have any official governance structure. In some cases, management rely upon a personal leadership or staffs of senior clubs and welfare centres. According to their status, the decision-making power is not based on capital ownership.

Currently, there are 124 senior clubs and most of them are members of the Korea Association of Community Senior Club. Most programs are financed and controlled by the Ministry of Health and Welfare. The Korea Labour Force Development Institute for the Aged was created in 2006 as a central support agency for helping organisations carrying out these programs. In 2012, all policies focusing on the employment for the aged provided 243,249 working posts for the elderly. Among them, some 16,100 jobs were provided by 779 “Market Type Work Project Teams” (Korea Labour Force Development Institute for the Aged, 2013). The most of rest jobs were related to non-commercial activities such as delivering public services, educational services, or welfare services, which could be considered as partly paid work activities. There is no available data on the “Business Activities in Senior Clubs”.

**Radar 1: Initiatives for employment of the elderly (total score = 33)**

![Radar Chart](image)

Type 2: Community business (Ma-eul Kieop)

The community business model is the convergence of two different origins. One of them emerged with the various community building activities which had been organised by local grass-root organisations since the mid-1990s. Inspired by Japanese experiences of community building, these activities aim at reactivating local communities through the participation of local people in social, economic, and cultural activities. In the community building projects, when local people identify their unmet needs, they try to mobilise local resources and create specific organisations or enterprises aiming at addressing these needs in a stable way. The lack of resources remains often an obstacle to create stable and efficient organisational tools. The second origin is the public work program initiated by the Ministry of Security and Public administration at the time of economic crisis in 2008. In 2010, while
maintaining an important part of budget for a renewed public work program still managed by local authorities, a small part of the budget of previous public work programs was redistributed to finance economic activity projects organised by local people for responding to their needs in the community. Through this process, the public scheme for supporting community business was institutionalised through the community business (maeul-kieop) scheme.

Community business is related to the public scheme managed by the Ministry of Security and Public Administration and local/regional authorities. According to this scheme, the title of “community business” can be granted to various kinds of moral persons such as private enterprises, non-profit corporations, cooperatives and agricultural corporations which are created by local people to carry out economic activities in mobilising mainly local resources with the aim to promote local development and to provide jobs and income to local people. Therefore it may be said that community business is a social enterprise model based on the participation of local people for promoting local development. The creation of jobs is one of the main aims stressed in the public scheme and although it is not compulsory, almost every community business organisations employ paid workers. After being certified as a community business, these initiatives can get public subsidies for two years and various kinds of non-material supports.

To be certified as a community business, organisations should be created by more than 5 local residents whose capital should be at least 10% of the total budget for operation. In many cases, community businesses are related to “community building projects” (Ma-eul man-dul-gi) jointly managed by local grass-root organisations and local authorities. It may be argued therefore that whereas community business organisations have an autonomous legal form, they are often embedded in broader local development projects such as “community building projects”. Therefore, some community businesses can be considered as exploited by these broader local development projects. However governance of community business organisations should be based on the local people who contribute to the capital. But there is no legal or formal condition defining the decision-making power. It depends on the legal form under which the community business is registered. In principle, the profit generated by their economic activities should be reinvested for the development of business.

By the end of 2013, there were 1,119 community business organisations certified by the Ministry, which provide 10,117 jobs (Ministry of Security and Public Administration, 2014). Activities carried out by community business are very diverse. For instance, according to a survey on community business in activity and in preparation in Seoul (N=122), the main activities are education (22.1%), manufacturing (18.9%), culture (14.8%), distribution (9.8%), recycling (9.8%), café and restaurant (9%) and others (9.8%). These activities are carried out by organisations with legal status such as cooperative (50.8%), voluntary association without legal status (30.3%), private enterprise (9.8%), non-profit organisation (4.9%) and private entrepreneur (4.1%). In the case of Seoul, as mentioned above, organisations should get the legal form of a cooperative within 6 months once certified as a community business (Seoul metropolitan city, 2014).

Radar 2: Community business (total score = 34)
Type 3: Community enterprise in rural area

Since the well-known “New Village Movement” (Saemaeul Undong) led by government in the 1970s with the purpose of local development, there have been various schemes for promoting economic development in rural area. Most of these schemes have been accused to only aiming at infrastructure and serve the interest of local power elites in an inefficient way. However, since the early 1990s, there has been a tendency by young people who are mainly motivated by personal well-beings as well as environmental concerns and communitarian visions came to rural areas. These young new comers initiated some interesting experiences in collaboration with traditional networks of village people. For longtime, these experiences were presented as success stories of local development but considered as individual anecdotes. Inspired by the strong interest for social enterprise that generated the 2006 SEPA, the Ministry of Agriculture, Food and Rural Affairs reframed these pioneer experiences as a kind of social enterprises specialised in rural area. As a consequence, the Ministry introduced the scheme of “Community enterprise in rural area” in 2010.

The public scheme emphasises the “voluntary participation of local people”. In practice, many initiatives are a joint project between initiators with an entrepreneurial competence who left urban life to come to live in rural area and traditional networks of village people. The “Community enterprise in rural area” scheme does not include specific requirement regarding the profit distribution and the organisation of the decision-making process: It depends on the legal status of each structure as the title can be granted to various forms of organisations such as private enterprise, agricultural corporation, non-profit association and cooperative. In principle, these organisations are autonomous with regard to public authorities or to other private enterprises. Traditional agricultural and fishery cooperatives, which combine both banking operations and distribution business, might be essential natural partners for community enterprises to organise any kind of economic activities in rural area. However, such partnerships have remained so far very marginal as these traditional cooperatives are still considered as belonging to a different sphere and closer to either public agencies or conventional banks. With the rise of the social economy meta-model, it may become easier to involve traditional cooperatives into the dynamic of the social enterprise phenomenon as powerful partners for the community enterprises in rural area.

As argued before, the community enterprise in rural area model was created under the strong influence of the 2006 SEPA meta-model. The initial idea of the Ministry of
Agriculture was to encourage community enterprise in rural areas to get the SEPA certification. According to a survey on community enterprise in rural areas, only 3.4% of community enterprises in rural areas were certified by the SEPA, but 36.1% wanted to get the certification (Ministry of Agriculture, Food and Rural Affairs, 2011). In order to be certified by the SEPA, an enterprise must show a social aim which was initially defined by the SEPA as either work integration of disadvantaged groups, or services provision to disadvantaged groups, or both of them. Community enterprise in rural area raised the question whether the "mutual interest of local people” could be considered as a social aim. This debate resulted in 2010 in an amendment of the 2006 SEPA to include the contribution of the local community as a supplementary social aim. The model of the community enterprise in rural area model contributed to enrich the concept of social aim in the SEPA model but it also made the legitimacy of the SEPA model more fragile as a meta-model. With the emergence of the social economy meta-model, community enterprises in rural area tend to be considered now as independent elements of social economy.

According to the Ministry, the definition of a community enterprise in a rural area is “an organisation based on voluntary participation of local people, contributing to local development by creating jobs and income in local community, in using local resource in an entrepreneurial way”. The local community refers here mostly to the village level and the requested condition to be recognised as a community enterprise is to involve more than 50% of the village inhabitants. The main activities of a community enterprise in a rural area are categorised into five types: i) agricultural products processing, ii) exchanges between urban and rural areas (tourism), iii) welfare service, iv) local development and v) mixed type. After being certified by the Ministry as a community enterprise in rural area, an organisation can get financial and non-financial supports to strengthen its activities. In 2013, there were 725 community enterprises in rural areas which were certified by the Ministry. They provided then 15,964 job places including more than 80% part-time jobs. If we see their activities, processing of agricultural products represents 55% followed by agro-tourism (28.1%), mixed model (6.5%), consulting services (5.3%) and welfare services (5.1%) (Ministry of Agriculture, Food and Rural Affairs, 2013)

**Radar 3: Community enterprise in rural areas (total score = 34)**

![Radar Chart](chart.png)
Type 4: Social enterprises for the disabled

Several public policies and schemes for the disabled have been developed in relation to the 1981 Welfare Law for Persons with Disabilities. It includes a wide range of programs for rehabilitation and social integration through economic activities introduced by different ministries as well as by civil society actors. The one that may be the most closely related to the social enterprise model are the "vocational rehabilitation facilities" (type 4a) and the "standard workshops" (type 4b). Although both vocational rehabilitation facilities and standard workshops respectively have their own expected roles and forms of public support, these two types of social enterprise models have also common features. For example, according to the “Related Employment Program” introduced in 2000, purchasing their products can play as a substitute to compulsory employment of disabled by ordinary enterprises.

In the ongoing debate surrounding social economy law, they represent a controversial category regarding whose forms of organisations should be included in the framework act on social economy whereas other categories such as self-sufficiency enterprises, SEPA social enterprises, community businesses, cooperatives are consensually considered by different political parties. Therefore, we can argue that the model of social enterprises for the disabled has its own institutionalised space with a more or less complete and closed eco-system and that this model is loosely related to the social enterprise phenomenon.

**Vocational rehabilitation facilities (4a)** are managed by non-profit organisations regulated by the Ministry of Health and Welfare. They include three different types of facilities according to their function and the degree of disability of the target groups. The title of facility is granted to welfare foundations or associations of disabled under certain conditions. Besides “facility to sell items produced by the disabled” whose specific role is to sell products from workshops, the “protected workshop for the disabled” and “vocational workshop for the disabled” can be seen as original single social enterprise models. Their staffs include social workers paid by welfare foundations financed by public authorities and disabled workers who are paid according to the outcomes of their economic activities. However, because of the low productivity of the participants who usually have serious degree of disability, they do not have an obligation to respect the legal minimum wage and often offer only a small amount of revenue. Although their sustainability depends on the result of their economic activities, they often belong to welfare foundations or associations that are financed by subsidies and donations. For this reason they can be considered as subsidiaries, or sometimes simple programs, of these welfare foundations or associations. Considering this link, they are under the close control of their parent organisation. However, when considering workshops and their parent organisations as the same entity, it can be said that they are autonomous from public authorities or other enterprises. And the governance structure of parent organisations recommends including persons from local community.

**Standard Workshops (4b)** are private enterprises certified by the Ministry of Employment and Labour. It refers to enterprises employing more than ten disabled persons which represent more than 30% of employees. When a workshop is certified by the Ministry of Employment and Labour, such an enterprise can get public subsidies. Inspired by examples of work integration social enterprise for the disabled in foreign countries, the idea of standard workshop was introduced in 2002 in order to encourage the creation of enterprises aiming at employing more disabled persons. In 2005, in order to encourage bigger enterprises to
provide work opportunities to the disabled by creating subsidiary companies whose sales are guaranteed by parent enterprises, the model of “Subsidiary-type Standard Enterprise” was introduced. As an ordinary enterprise a standard workshop has to respect legal obligations like the minimum wage. As conventional enterprises, they also have a full autonomy in relation to public authorities and are controlled by their shareholders. In the case of “Subsidiary type standard enterprise” which is owned by a parent enterprise, they are strongly controlled by this parent enterprise which is usually a big company.

In 2010, there were 44 vocational workshops employing 1,761 disabled persons and 373 protected workshops employing 10,009 disabled persons (Ministry of Health and Welfare, 2011). In 2014, there were 158 standard workshops (Korea Employment Agency for the Disabled, 2014). In both models, manufacturing is the dominant activity which represents over 80% of activities (Eum, 2008). Quite logically, many of these organisations tried to get the certification provided by the SEPA as a way to get additional advantages. In 2012, they counted for 11% of all certified social enterprises (seventy-eight enterprises). In addition, it should be noted that there are also several public policies aiming at promoting welfare of the disabled through economic activities and strengthening favourable conditions for work integration social enterprises for the disabled in a large sense: related employment programs, preferential purchasing system for the products of the disabled and various schemes managed by the Small and Medium Business Administration. From the viewpoint of work integration social enterprises for the disabled, the SEPA is seen as an additional support scheme which they can access.

**Radar 4a: Vocational rehabilitation facilities (total score = 36)**

**Radar 4b: Standard workshops (total score = 31)**
Type 5: Medical cooperatives

Historically, medical cooperatives have been initiated and promoted since the mid-1990s by various local social movements. They are cooperatives providing medical and social services to local people. Medical cooperatives were firstly institutionalised as a specific sort of consumer cooperatives according to the 1998 Law on Consumer Cooperative. They then faced a crucial challenge that endangered their identity with the drastic increase of fake cooperatives using the model for very different aims. Erasing the confusion between these fake medical cooperatives and the genuine one was one of the main reasons to introduce a social cooperative framework in the 2012 Framework Act on Cooperatives. Until 2012, affiliation to the Korea Medical Cooperative Federation played as the main sign to identify genuine cooperatives. Since the enactment of the 2012 Framework Act on Cooperatives, medical cooperatives have engaged in transforming themselves into social cooperatives as defined by this law. The federation itself changed its title as Korea Health Welfare Social Cooperative Federation. Remaining medical cooperatives operating under the consumers’ cooperative status can likely be considered as fake cooperatives.

Medical cooperatives employ doctors, nurses, social service workers and administrative staffs who are usually in charge of facilitating cooperative life as well. They have to meet strict conditions regarding their creation, profit distribution and governance. As a social cooperative, a medical cooperative is a nonprofit organization that must have at least one of three main social aims defined by the 2012 Framework Act on Cooperatives: local development, provision of service to the disadvantaged, provision of work place to the disadvantaged. Unlike other social cooperatives which do not have any limit on service users, social cooperatives providing medical services have the same limit as consumer cooperatives: they can develop service to non-member local people in the limit of 50% of their turnover. As social cooperatives, medical cooperatives have to organize their governance according to their multi-stakeholder membership. They can be considered as having a very strong autonomy based on these cooperative rules which include the principle of one person, one vote for their decision-making process.

At the end of 2013, there were 295 medical cooperatives with a legal status of
consumer cooperative including 7 cooperatives belonging to the federation. There were also 11 medical cooperatives with a legal status of social cooperative which are all members of the federation. Composition of the membership structure in cooperatives affiliated to the federation is as following:

**Membership distribution of medical cooperatives**

<table>
<thead>
<tr>
<th>(End of 2013)</th>
<th>Consumer</th>
<th>Worker</th>
<th>Volunteer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer coop</td>
<td>13,140</td>
<td></td>
<td></td>
<td>13,140</td>
</tr>
<tr>
<td>Social coop</td>
<td>16,151</td>
<td>292</td>
<td>117</td>
<td>16,560</td>
</tr>
</tbody>
</table>

(Source: Internal data provided by the Korea Health Welfare Social Cooperative Federation)

Including working members in medical cooperatives with legal status of social cooperative, there are 459 medical staffs in the cooperatives affiliated to the federation. The main activities of medical cooperatives are prevention, wellness and health promotion, treatment and cure (occidental, oriental, dental), care service and social activities for members.

Medical cooperatives are often presented as a typical example of the social enterprise model based upon the cooperative form. It was through the social jobs program that medical cooperatives joined the social enterprise phenomenon in early 2000s. The social jobs program allowed medical cooperatives to extend their activity to the provision of care services to disadvantaged people in local community. Due to their successful experience in this program, medical cooperatives are explicitly mentioned in the SEPA as a form that social enterprises can have for legal status. As such they have played the role of a bridge between social enterprise and consumer cooperatives which were then external to the social enterprise phenomenon. During the emergence of the social economy meta-model, medical cooperatives with their social cooperative status were presented as a well-articulated model between mutual interests represented by the traditional model of cooperatives and general interest represented by the newly developed concept of social enterprise.

**Radar 5: Medical cooperatives (total score = 44)**

_Type 6: Self-sufficiency initiatives for socially disadvantaged people_
Some social enterprise initiatives have been developed in relation to specific categories of socially disadvantaged people. Although there is not a common legal or public scheme for these initiatives, we decided to gather them into a same model because they share a set of similar features as initiatives developed around existing public schemes aiming at supporting specific kinds of disadvantaged social groups. Because it is difficult to identify all these categories of disadvantaged people in an exhaustive way, in this work, we would describe them with relatively well known cases in the Korean context: i) homeless people, ii) North Korean migrants and iii) sex trafficking victims. These three categories of disadvantaged people have their own public schemes such as the Act on 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 Sexual Traffic and Protection of Victim for support and integration. Because these three groups have been fully supported by specific public schemes, they are less interested in getting their organisations certified as social enterprises. The case of North Korean migrants differs from other two cases therefore we make the distinction between Type 6a and Type 6b in this category. While we found initiatives well embedded in coherent support schemes in the latter, the initiatives concerning North Korean migrants have more self-help orientation with more flexible support scheme.

**Self-sufficiency initiatives for homeless people (Type 6a).** Before the financial crisis in 1997, the homeless issue was treated in a marginal way. However, when the financial crisis suddenly struck Korean society, a huge number of people who became unemployed without a sufficient social security system had to go on the street. As a consequence, the homeless issue became a societal issue as a consequence of the financial crisis. In order to address this problem, a series of public policies were introduced during the 1998-2000 period. Whereas the first measures focused on providing emergency shelters, follow-up measures emphasised work integration of homeless. “Self-sufficiency Program for Homeless People” was one of those measures carried out by local associations and welfare centres. With the institutionalisation of self-sufficiency program through the National Basic Livelihood Security (NBLS) System in 2000, many local associations and welfare centres became local self-sufficiency support centres, and many self-sufficiency initiatives for homeless people merged into the self-sufficiency program in the NBLS. Since then, self-sufficiency initiatives for homeless people have been often identified in the self-sufficiency scheme in the NBLS. Since 2004, together with traditional community movement organisations and self-sufficiency enterprises in the construction sector, some associations supporting homeless people have initiated “housing welfare movement” whose objective is provision of integral services to local people having problem with housing. In this new movement, the issue of homeless people is treated not as an isolated disadvantaged group but from the broader perspective of local community development. Such initiatives have become interesting cases of the social economy meta-model, in which different initiatives work jointly on local level.

**Self-sufficiency initiatives for sex trafficking victims (Type 6a).** Since the introduction of the Act on the Prevention of Prostitution and Protection of Victims in 2004 and of “Self-sufficiency Support Policy for Sex Trafficking Victims” by the Ministry of Gender Equality and Family, a more coherent support scheme has been established. In the scheme, following a series of interventions such as provision of shelter, psychological and physical treatment, vocational training and job searching, self-sufficiency initiatives represent the final stage for the integration of victims into the society. Among various types of support organisations in the scheme, there are nine self-sufficiency support centres specialised for the
sex trafficking victims. However, unlike local self-sufficiency support centres in the NBLS system, these centres focus more on an individual way of self-sufficiency including psychological and physical rehabilitation than economic self-sufficiency through creation of enterprises. Therefore, their major activities concentrate on improving employability through internal workshops, internship programs and job search activity. Women’s Human Rights Commission of Korea plays a role as central support organisation which works with local associations including these nine self-sufficiency support centres. There are a few initiatives which become independent business, but internal workshops financed by social jobs creation program could be considered as typical models of self-sufficiency initiatives for victims. In the SEPA, sex trafficking victims are officially recognised as one of disadvantaged groups. It is difficult to have systemic information on self-sufficiency initiatives for sex trafficking victims. We can find that each self-sufficiency centre is managing several workshops such as café, restaurant, and handicraft workshops. It is reported that there are some preliminary social enterprises and one certified social enterprise producing natural soap (KOSEA, 2014). Because the initiatives are often directly organised and supported by support organisations, they are managed like non-profit organisations. Participation of disadvantaged people themselves is encouraged and the governance structure of support organisation includes various parties to encourage the mobilisation of local resources. The decision making process is not based on capital relationship. But the voice of support organisations, which contribute to important part of capital, is important.

**Self-sufficiency initiatives for North Korean migrants (Type 6b).** Until the early 2000s, the number of North Korean migrants who entered in South Korea was very low (fewer than a dozen of persons each year). However, since 2004, this number has increased drastically to stay above 2,000 people a year between 2006 and 2012. The aggregate number was 27,253 persons in 2014 (Ministry of Unification, 2014). In spite of this situation, public policies for supporting North Korean migrants through the social enterprise model were not much considered until 2010. Whereas the SEPA recognised North Korean migrants as one of the official categories of disadvantaged people, there were only a few enterprises created with the purpose of employing North Korean migrants. There were several attempts to create networks of these kinds of enterprises, but most of them failed. It was in 2010 with the amendment of the Act on Protection and Settlement Support of Residents Escaping from North Korea, that the North Korean Migrants Foundation was established and began managing the “Social Enterprise Support Program for North Korean Migrants” which is a preliminary certification scheme under the competence of the Ministry of Unification. This program recognises not only social enterprises employing North Korean migrants, but also social enterprises providing social services to North Korean migrants. Self-sufficiency initiatives for North Korean migrants can be identified through the preliminary certification scheme and certification scheme in the SEPA. According to a research, fifty enterprises were certified as preliminary social enterprise in 2011 and in 2012, but many of them disappeared when the support period ended (Kim, 2013, pp.12-13). In 2014 there were six certified social enterprises, which employed 238 employees including 90 North Korean migrants. They carried out various activities, such as manufacturing, recycling, culture and building maintenance services. Self-sufficiency initiatives for North Korean migrants are close to conventional enterprises. Therefore, it is not clear how they distribute profits. However, when they are certified within the preliminary certification scheme or the SEPA, profit distribution is very limited. Most of these initiatives are launched by NGOs, foundations, small entrepreneurs or conglomerates in relation with North Korean migrants themselves. It is relatively uneasy to appreciate the role of civil society in this process. The participatory
dimension will depend on their legal status but it is likely not very different from conventional enterprises. As conventional enterprises, it also can be said that they have a high degree of autonomy.

**Radar 6a: Self-sufficiency initiatives for socially disadvantaged people-Homeless, sex victims (total score = 38)**

**Radar 6b: Self-sufficiency initiatives for socially disadvantaged people-NK migrants (total score = 36)**

**Type 7: Social ventures for the youth**

The original idea of social ventures for the youth was launched by an association called “Social Enterprise Network (SEN) Korea”. SEN held the first social venture competition for university students in 2006. Then the government brought SEN’s concept of social venture competition into the policy area. Moreover, the government started to promote young social entrepreneurs and social ventures in order to answer the criticism on the limited definition and roles of social enterprise according to the SEPA.

The government started “Social Ventures Competition” in 2008 but it was not seen as
a long-term incubation program at that time. Therefore, the institutionalisation of such programs began in 2011 with the “Young Social Entrepreneurs Promotion Project” which is the first incubation program for start-ups led by young social entrepreneurs. This project was motivated by criticisms from private and non-profit sectors arguing that 1) the SEPA is too limited within the social service sector; 2) the government’s financial support is subsidy oriented and does not contribute to build a good environment for the creation and development of sustainable social enterprises; and 3) the youth employment rate has continuously declined. Due to these criticisms on the governmental social enterprise promotion policies and social issues, the KOSEA introduced the “Social Venture Competition” and launched then the “Young Social Entrepreneurs Promotion Project”. Teams in this project are selected and supported by intermediary agencies. However, although the concept of social ventures gained a significant level of popularity, it seems that social venture model is not sufficiently institutionalised both externally and internally. For instance, social ventures can be identified only through the list of participants in the competition or promotion projects. They do not have their own representative network. Except some exemplary cases, it seems difficult to know how many teams supported through competition or promotion projects are still operating. 35 out of 312 teams in 2011 and 10 out 347 teams in 2012 have received social enterprise certifications through the “Young Social Entrepreneurs Promotion Project” (Source: Compiled and calculated by researcher).

Social ventures are based upon a continuous production. However, there are very limited numbers of social ventures for the youth that are making continuous profit from economic activities. They can employ workers if they make enough profit but are not allowed to use the public funding for employment. Social aims of social ventures for the youth are relatively diverse compared to other types of social enterprise. According to the project guidelines, business area of social ventures for the youth should be in education, child care, social services, environment, culture/art/tourism/sports, health, forest management, care services, or others. Although they are voluntarily created by a group of people and governed by them in the framework of the project, their activities are monitored and reported by the intermediary support agencies. Agencies organise and manage the whole project under the guidelines provided by the government. Social ventures for the youth must regularly report their business progress and the use of funds to the intermediary support agencies. Social ventures, moreover, have to have regular consulting services provided by consultants selected by the government. Teams might gain a higher degree of autonomy after the one-year government’s promotion program. Therefore it may be said that their degree of autonomy is relatively weak. Their participatory nature and ability to distribute their benefits depend on the legal form that they choose: corporation, limited company, non-profit, cooperative etc. However, most of them are not legally registered organisations during one year of project because they are mostly at the seed stage seeking opportunities to begin operations. Only few of them are legally registered at the start-up stage looking to expand their business. 44% in 2011 and 40% in 2012 established their businesses as private companies. The members of unregistered social ventures for the youth mostly are undergraduate students who do not have actual business experiences. At this point, they usually tend to listen older and more experienced mentors/officers’ suggestions.

The idea of social venture appeared at the very similar moment when the concept of social enterprise was introduced at the beginning of the 2000s. Whereas the initial introduction of the social enterprise concept was mainly inspired by European experiences, another approach based on American experiences of innovative initiatives supported by
foundations was engaged in the formation of social enterprise concept related to the SEPA. This approach focusing more on innovative aspect in solving social problems tried to distance itself from the self-sufficiency meta-model which it considered as being too much work integration oriented. For this reason, it may be said that, together with other initiatives, this approach played an important role in replacing the self-sufficiency meta-model by the SEPA meta-model. However, the approach was not sufficiently institutionalised in the SEPA, because it has a few characteristics which do not fit the SEPA. Some years later, the introduction of the public programs “Social Venture Competition” and “Young Social Entrepreneur Promotion Project” was a complementary measure for strengthening innovative aspect of the SEPA meta-model. The government regards social ventures for the youth as a kind of preliminary social enterprises which are eligible for the pre-certification or the certification as social enterprise. The social venture model is not emphasised in the debate surrounding the social economy. However, it should be noted that, together with the social enterprise model related to social innovation, ethical/ ecological concept outside existing schemes, the social venture model has contributed to the rising awareness on the social enterprise concept, particularly among young people.

**Radar 7: Social ventures for the Youth (total score = 26)**

![Diagram showing various indicators related to social ventures for the Youth]

**Type 8: Newly emerging models related to social innovation, ethical/ ecological concept outside existing schemes**

After the diffusion of the social enterprise concept, some activities or initiatives which are not claimed by actors themselves as social enterprise have been reported on media or social networks as examples of social enterprise. They are launched by various groups or individual persons mainly in order to realise their social, ethical or ecological values. However, it is difficult to define these initiatives with institutional or coherent categories. Therefore, we only remind here a few identifiable cases. Some initiatives are, for political and ideological reasons, reluctant to enter into existing schemes. As an exemplary case, “People’s Houses” which are strongly related to the left-wing political movement developed activities such as café, library, culture activities and permanent education programs. Other cases are initiatives launched by individuals who start and grow their business-independently
from existing public schemes or big companies’ financial supports. They can be detected and related to the social enterprise phenomenon through private social entrepreneur support programs such as the Ashoka Fellowship, the Beautiful Fellowship or other social investment programs. These social entrepreneur support programs of private organisations usually seek social enterprise initiatives with innovative, ethical or ecological characters, which can hardly meet the criteria of certified social enterprise. For example, the Beautiful Fellowship supports “Social Innovation Entrepreneurs” who aim at solving social problems in the field of environment, human rights, education, culture, and community with innovative social ideas. The Ashoka Fellowship supports social entrepreneurs who have five characteristics of new idea to change to society, creativity, entrepreneurship, social impact of business idea, and ethics. In the following analysis, we only use the information on individual initiatives supported by these programs because of availability.

This model has emerged due to the limitation of the SEPA and other related policies that support only businesses meeting the criteria of certified social enterprise, but do not consider social entrepreneurs according to their ability to realise social changes. For example, in 2011, the Beautiful Store decided to support social entrepreneurs who have innovative idea able to change the society. The Beautiful Store was established in 2002 by People’s Solidarity for Participatory Democracy, one of the major civil rights movement organisations in Korea. Through a network of shops, Beautiful Store has been contributing to improve the culture of sharing in Korea. As an extension of its philosophy and history, Beautiful Store supports as well the development of ethical and ecological concepts of social enterprise. Unlike the Beautiful Fellowship, Ashoka Fellowship is imported from the US where Ashoka Foundation was founded. Ashoka Fellowship has been started in South Korea after establishment of its Korean branch in 2012. Compared to the government and big companies, these private fellowships do not importantly think how much profit a social enterprise can make, or how many employees it may employ but focus on innovative ideas potentially able to change the society. As we can see in the tables below, there are still a few cases in these two support programs.

1) Beautiful Fellowship

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Fellows</th>
<th>Business Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3</td>
<td>Education, Cooperative Enterprise</td>
</tr>
<tr>
<td>2012</td>
<td>4</td>
<td>Education, Ecology, Community, Alternative Media, Publishing</td>
</tr>
<tr>
<td>2013</td>
<td>2</td>
<td>Education, Cooperative Enterprise</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Compiled and calculated by researcher through the Beautiful Store webpage)

2) Ashoka Fellowship

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Fellows</th>
<th>Business Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2</td>
<td>IT &amp; Education, Tourism</td>
</tr>
<tr>
<td>2014</td>
<td>1</td>
<td>Education</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Compiled and calculated by researcher through the Ashoka Foundation webpage)

This social enterprise model could have some paid workers if it could make enough profit to employ people. Ashoka and Beautiful Fellowships, however, allow fellows to use provided funds for social entrepreneurs’ personnel expenses and labour cost. Economic
activities based on this model can fail and be liquidated. This model could be less risky or more risky compared to other models. It could be less risky because experienced people in a certain field who have management skills, networks, and knowledge tend to be selected. It, however, could be more risky than other models because this business often depends too much on a CEO who developed a business idea. Their social aims are not only to create more jobs or to deliver social services, but also to change people’s perception and the society into a better, more ethical or more ecological way. Their capacity regarding profit distribution will depend on their legal form. However, it is clear that this model is one of the most value-oriented models, so that economic activity and its result are subordinated to social goals. Their social aim must be considered in a broad sense, not only to create more jobs or to deliver social services, but also to change people’s perception and the society into a better, more ethical or more ecological way. Most of these enterprises are launched by individual persons but they often rely upon support organisations like Beautiful Fellowship or Ashoka Fellowship, which are non-profit organisations. Nonetheless they have a high degree of autonomy because, unlike other forms of social enterprise, they usually do not receive financial supports from the government. In this sense, it can be stressed that they are not controlled by the government initiatives or policies. Private foundations such as Ashoka or Beautiful Store, moreover, do not limit the use of the funds they provide, and fellows can decide how and where they are going to use the allocated funds. Altogether their autonomy is highly protected by themselves or by the foundations. Their participatory nature depends on the governance structure that they choose. It can be said at least that they have a participatory culture.

Radar 8: Newly merging models of SE (total score = 35)

Discussion and conclusion

First of all, it is important to stress that the scores given in our analysis to each type of social enterprise rely upon a substantial knowledge but remain partly subjective and would gain more solidity if a complementary analysis, like a factor analysis, could confirm the different types that we have identified. Our analysis therefore cannot serve to calculate an objective index and set up an unquestionable ranking but only be considered as a tool for showing the main dominant characters of each type of social enterprise and appreciate its
proximity with the EMES ideal-type which is a conception among other of the social enterprise. Our scoring shows that there may be different positioning to the EMES ideal-type according to each model. According to our scoring method, a total value of 45 for all 9 criteria represents a perfect matching with the EMES ideal-type. The respective scores for the different identified models of social enterprise range from 44 to 26 with most of them (8 out of 10) showing a score between 30 and 39, therefore filling the ideal-type for at least the two tiers. For a single dimension, if considering a cumulated score of 10 or below (out of 15) as an indicator of a relatively long distance to the EMES ideal-type, it may be stressed that only one model (social ventures for the youth) combines a long distance for all three dimensions and only one models (social enterprises for the disabled-standard workshops) have a long distance for two dimensions (governance and social dimensions). Other types have only one dimension below 10 or even all dimensions above 10 (medical cooperatives, social enterprises for the disabled-vocational rehabilitation facilities and self-sufficiency initiatives for socially disadvantaged people-homeless and sex victims). Interestingly it should be noted that the governance dimension is “faulty” for 5 types out of 10. Among the different types, the medical cooperatives (type 5) appear to be the one that is the closest to the EMES ideal-type for all its three dimensions (economic, social, governance). It certainly reflects the fact that the cooperative model is also a core reference in the building of the EMES ideal-type. In Korea, medical cooperatives existed before the installation of public social enterprise schemes but had features that allowed them to smoothly enter those schemes (either the 2006 SEPA or the 2012 Cooperative Act). Self-sufficiency initiatives for socially disadvantaged people which represent the second and third scores (types 4a and 4b) also rely initially upon public schemes that are not inspired by the model or the concept of social enterprise. They then have been enrolled in the public policies targeting social enterprise as they actually present many similarities with the social enterprise model. Interestingly our analysis tends to show that the types that are the closest to the EMES ideal-type are not necessarily the one designed by the Korea public policies explicitly targeting social enterprise (category 1) which may mean that the dominant conception of social enterprise in Korean public policies is not the one that stresses the EMES ideal-type the most perfectly.

This remark leads us to raise another question which is to wonder how far a concept built in reference to a specific context may be universal and help to understand the situation in another very different context. The EMES ideal-type is strongly embedded in the European context where the social economy concept plays as a strong reference in several countries. In the EMES ideal-type the meanings given to democratic governance, autonomy from the public sector, citizens’ initiatives are specifically constructed and interpreted in the context of the Western model of democracy. It is quite natural therefore that the medical cooperative type fits the best with the EMES ideal-type, because it was based on the social movement involvement and inspired by the cooperative model as it was stimulated by the Western model of democracy. We are aware nevertheless that in applying the EMES ideal-type, we may miss some specificities of the Korean context. And it should be stressed that operational criteria for analyzing certain indicators, such as explicit social aim, citizens’ initiatives, high degree of autonomy and participatory nature are not always easy to find. For instance, when the decision making in “a business run in senior clubs” depends more on the senior club and its staffs instead of elderly people themselves, how to appreciate the degree of autonomy? One might think that it is not autonomous because it is practically managed by the senior club staffs but one might insist also that it is autonomous because the senior club itself is a non-profit organization which is legally independent from the public authority and the business is part of programs in the senior club. But it might be stressed that it is eventually under the
control of the public authority because the senior club is principally financed by public subsidy and strongly regulated by public policies. It lets room in such cases for interpretation. According to our knowledge of each type of social enterprise that we have identified, we applied what seemed the best scoring.

Through this research, we argue that the Korean experience of social enterprise can contribute to the research area of social enterprise typology. The Korean case shows interesting combinations and tensions between bottom-up initiatives from civil society and top-down approach from public authorities which both have their own motives and values to promote the concept of social enterprise. It suggests that the social enterprise phenomenon should not be limited to its expressed contents or to a too strict legal or economic definition, but should also be related to the motives and values which served to shape it, given that an identified content is only a temporarily valid outcome of a dynamic that is still in process. The EMES ideal-type can help understanding the social enterprise phenomenon in South Korea and place it in a more general context, but complementary studies are undoubtedly necessary to fully understand the specificities of this phenomenon.

References


