The Institutional Embeddedness of Social Enterprises in Welfare State Regime:
The Case of South Korea

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Abstract

During the last 20 years, we have witnessed the emergence of social enterprises in Western societies as a response to the problems of welfare states and markets. Facing low fertility and aging of the population with decreasing abilities of welfare states, social enterprises were developed to provide services and work opportunities for the socially and economically disadvantaged. Recently, the Korean government has developed social enterprises as its key social program for unemployment and welfare services. The economic crisis in late 1980s has created unprecedented massive unemployment. After the government enacted the social enterprise promotion act in 2007, it has approved 109 social enterprises and announced a plan to increase the number of social enterprises annually to 1000 by year 2010. The Ministry of Labor spent 7.3 billion Won in 2003. In 2007, the budget increased to 1.3 trillion Won.

Despite increasing number of social enterprise in Korea, neither a clear conceptualization nor explicit strategies for social enterprises have been proposed. A majority of academic studies on social enterprises are still in a preliminary stage by offering case studies or working on a definition and typology of social enterprises on a conceptual level (Kim and Ban, 2006; Um, 2005; Kim, 2007; Kim, 2006; the Korea Foundation for Working Together, 2006; Jung, 2005, 2006; Im, 2007).

In the present study, I will examine how the nature of pre-existing welfare programs has shaped the nature of the Korean social enterprises through the institutionalization of interest groups and the competing agenda of different state organizations (e.g., the Ministry of Labor and the Ministry for Health, Welfare, and Family Affairs). I will also examine the characteristics of the Korean social enterprises, based on the 109 officially approved social enterprises, which reflects the institutional conditions previous welfare programs and state agenda. The emergence of the Korean social enterprises will demonstrate how institutional innovation in welfare policies is strongly shaped by the nature of a pre-existing welfare state regime. Finally, I will discuss the key conditions for the dilemma that the Korean social enterprises will experience.
1. Social Enterprises as a New Alternative beyond Markets and States

OECD defines social enterprises as “any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity for bringing innovative solutions to the problems of social exclusion and unemployment (OECD, 1999:10).” Lagging problems of welfare states to provide jobs and social services have pushed all the major Western societies to look for social enterprises as an alternative. European Union and its membership countries have developed social enterprises that reflect an institutional tradition and welfare state programs each country faces.

Social enterprises in Europe and the United States have emerged to create jobs and provide social services to the part of their population under high risk in times of welfare state retrenchment and privatizing services. However, we observe divergences as well as similarities of social enterprises across societies, reflecting socially embedded nature of such organizations (in particular, between Europe and the United States).

A key contrast between Europe and the United States can be summarized as follows: the tradition of social economy and the third sector in Europe with a model of social enterprises based on social cooperatives and associations; the importance of non-profit and voluntary organizations in the United States with a model of social enterprises based on non-profit organizations (Kerlin, 2006). The social enterprises in Europe emphasize job creation and social services for high risk groups such as the aged or the persons with disabilities, whereas the American ones focus on generating revenues for the diverse activities of non-profit and voluntary organizations under reducing federal support for such organizations. The
European ones are extensive in the participation of stakeholders in running social enterprises, but they are limited in domains and activities in which they participate. The American social enterprises are diverse in their activities, but limited in the type of actors involved in decision-making process of the organizations. The following summarizes such comparison.

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis</td>
<td>Revenue Generation</td>
<td>Social Benefit</td>
</tr>
<tr>
<td>Common Organizational Type</td>
<td>Nonprofit</td>
<td>Association/Cooperative</td>
</tr>
<tr>
<td>Focus</td>
<td>All Nonprofit Activities</td>
<td>Human Services</td>
</tr>
<tr>
<td>Types of Social Enterprise</td>
<td>Many</td>
<td>Few</td>
</tr>
<tr>
<td>Recipient Involvement</td>
<td>Limited</td>
<td>Extensive</td>
</tr>
<tr>
<td>Key Organization</td>
<td>Foundations</td>
<td>Government/EU</td>
</tr>
<tr>
<td>Context</td>
<td>Market Economy</td>
<td>Social Economy</td>
</tr>
<tr>
<td>Legal Framework</td>
<td>Lacking</td>
<td>Underdeveloped but Improving</td>
</tr>
</tbody>
</table>

Between the European and American models, the Korean government initially chose the European model and subsequently shifted its focus to the American model. In this paper, I would explain the factors for such convergence of the Korean social enterprises towards the American model.

2. The Emergence of Social Enterprises in Korea
The development of social enterprises in Korea is part of the government’s efforts to cope with unemployment and social services. We need to understand the characteristics of the Korean social enterprises within the institutional tradition of the Korean welfare state programs and preceding social welfare policies. Previous studies on the Korean welfare programs contend that their key features are the following: the dominance of social insurance programs for workers with lack of development of social welfare services; passive involvement of the government in welfare financing and provision; and, finally, heavy reliance on families and business firms on welfare financing and provision. Consequently, the Korean welfare state has been compared with the conservative welfare regime in Esping-Andersen’s typology.

The economic crisis in late 1980s has created an unprecedented massive unemployment in Korea. It has been argued that the economic crisis triggered a change of the government’s welfare strategies (Kwon, 2001; Kwon and Holliday, 2006; Shin, 2000). Unemployment became a central issue for the governmental welfare policies. Although the government has implemented unemployment insurance since 1995, it did not anticipate such rapid and massive scale of unemployment. Consequently, the government started a series of policies to create jobs for the unemployed. It is such importance of unemployment issues that subsequently shaped the agenda for social enterprise in Korea. In the following, I will examine a series of key policies that led to the enactment of the social enterprise promotion act in 2007.

1) Previous Social Policies as a Background for Social Enterprises
The government’s response to increasing unemployment rate since 1997 was a public works program with the Ministry of Labor as its central agency in early 1998 (Ko, 2007). The program was to provide short-term and temporary job opportunities for the unemployed. Since the program offered only temporary jobs for the unemployed and limited the duration of participation, however, it did not produce long-term job stability. Subsequently, the government revised its program to allow private or voluntary organizations as part of the program.

A critical turn in the direction of unemployment programs was the enactment of the National Basic Social Security Act in 1999. It sought to link welfare benefits and work opportunities for the unemployed and low income families. It also initiated the government’s strategy to delegate responsibilities to create and support jobs for the unemployed to private and voluntary organizations in local communities. Consequently, a number of ‘self-support sponsoring organizations’ or ‘self-support promotion centers’ emerged. However, we can understand the government’s workfare strategy to rely on the third sector or local communities as part of the Korean welfare state regime. In other words, from the beginning of welfare state programs, the government sought to minimize its involvement in financing and provision of welfare services. In the absence of strong participation in job creation and welfare services, I argue, the direction of the National Basic Social Security Act to rely on private sectors results from the same principle of the Korean welfare regime. What was different was that the government shifted its reliance from families and business firms to the third sector or voluntary organizations in local communities.

The new direction of the governmental policies coincided with the emergence of active involvement of NGOs and civic organizations in unemployment crisis. In 1998, NGOs, religious organizations, labor, and
the press created ‘the Committee of the National Movement for Overcoming Unemployment.’ The committee launched a public campaign, which raised a public fund to help the unemployed and their families. The committee changed to ‘the Korea Foundation for Working Together’ in 2003, and it has been an important participant in social welfare policies including the enactment of the social enterprise promotion act. However, it should be noted that the committee and, subsequently, the foundation relied on the government to manage its public fund and fund for its job creation programs. Thus, it was a new departure of the third sector’s role in social welfare programs, but the government still defined and controlled its participation in welfare provision and job creation.

In 2003, unemployment rose again after its short decline. Not only increasing unemployment but lack of social welfare services became a critical policy issue due to rapid aging with decreasing fertility and increasing female labor participation. Thus, the government’s dilemma was to deal with long-term unemployment and social welfare service provision simultaneously. In 2003, the government created the ‘social workplace program’ as a way to deal with the dual problem of unemployment and social service provision for the socially vulnerable such as senior citizens or persons with disabilities. The program relies on non-profit private organizations to create jobs by providing social services for those who either cannot buy services or do not get public services from the government. It has been argued that the Korean welfare state, similar to other industrialized Asian countries, focused on social insurance programs for male workers with regular employment, while it neglected social service provision (Hollliday, 2000). Thus, the social workplace program reflected the government’s attempt to complement its welfare state programs’ reliance on social insurance programs with previous failure in job creation and weak public
social service provision. However, instead of the government’s direct involvement, it continued to rely on
non-profit or voluntary organizations in local. The National Basic Social Security Act in 1999 already
indicated such governmental strategy by creating “self-support promotion organizations” to provide jobs
to the socially disadvantaged. The problem with such strategy is that Korea did not have a strong tradition
of the third sector or community organizations to provide jobs or services without the governmental
supports. Consequently, the Ministry of Health and Social Welfare as a central government organizations
and a number of other governmental agencies sponsored diverse self-support promotion organizations
within the social workplace program.

Within the program, the “self-support communities” were a proto-type of the subsequent social
enterprises. The governmental organizations established 209 organizations, which paid wages by selling
products and services. Both Ministry of Health and Social Welfare and the Ministry of Labor focused on
the organizations for social service provision and job creation. Initially, the Ministry of Health and Social
Welfare was central, but the Ministry of Labor became more important since 2003 after launching its pilot
programs. Such shift from the Ministry of Health and Social Welfare to the Ministry of Labor as a central
organization signified the government’s agenda to rely on the social workplace program for job creation
more than for social service provision. The shift shows that the dual goal of job creation and service
provision through community organizations proved very difficult to achieve. For job creation, the self-
support community organizations had to sell product or services so that they could hire the socially
disadvantaged. However, they frequently failed to create sufficient sales to sustain jobs without
governmental subsidies. For service provision, the organizations had to rely on governmental subsidies,
since the key clients of services could not afford to pay for them in the first place. In the absence of a strong tradition of independent community or third sector organizations, the Korean social workplace program and its organizations chose job creation instead of social service provision. Even for job creation, the program and its community organizations depended heavily on the government subsidies. The following table shows the annual development of the social workplace programs.

Table 2. The Annual Growth of the Social Workplace Program (source: Ko, 2007)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Organizations</td>
<td>The Ministry of Labor</td>
<td>The Ministry of Labor and 5 other organizations</td>
<td>The Ministry of Labor and 6 other organizations</td>
<td>The Ministry of Labor and 7 other organizations</td>
</tr>
<tr>
<td>Total Budget</td>
<td>73</td>
<td>949</td>
<td>1,691</td>
<td>3,039</td>
</tr>
<tr>
<td>Total Number of Employees</td>
<td>2,000</td>
<td>47,491</td>
<td>69,314</td>
<td>133,509</td>
</tr>
</tbody>
</table>

The table indicates that the program was not very successful in creating jobs. The failure to create jobs in a long-term basis, however, made the government put more pressure on the local community organizations to create jobs instead of service provision. The financial dependence of these organizations on the government made these organizations increase job creation by hiring not just the beneficiaries of
welfare programs in terms of income or disabilities but the unemployed. Thus, the lack of a strong
tradition of community organizations and weak development of social service provision continued to
create a dilemma for the government and the community organizations to choose between long-term job
creation and social service provision for the socially disadvantaged, which decrease a possibility of
sustainable development of such programs.

2) The Social Enterprise Promotion Act

When the social workplace program did not produce stable job opportunities and welfare service
provision sufficiently, the government officials, academics and NGOs in the field formed the “Task Force
on Social Workplaces” in 2005, which led to the legislation for social enterprises. After the government
enacted the social enterprise promotion act in 2007, it has approved 109 social enterprises, and it
announced a plan to increase the number of social enterprises annually to 1000 by year 2010. Currently,
11 government ministries are involved in social enterprise programs. The Ministry of Labor spent 7.3
billion Won in 2003. In 2007, the budget increased to 1.3 trillion Won. The Ministry of Labor alone
planned to spend 120 billion Won to 422 organizations to create 14 thousands jobs in 2007. Not only the
government, but major corporations such as SK Telecom or Kyobo Insurance Company have been active
in developing their own social enterprise programs as part of their recent interest in corporate social
responsibility. In addition, an increasing number of non-profit organizations and NGOs have also actively
participated.
After the legislative proposal introduced to the National Assembly at the end of 2005, the Social Enterprise Promotion Act was enacted in 2007. The act defined social enterprises as “enterprises that seek social goals by offering social services or jobs to the socially disadvantaged and that carry out entrepreneurial activities by producing and selling goods or services” (the Social Enterprise Promotion Act, 2007). According to the legislation, the government set up a special committee, which approved applicant organizations as social enterprises annually. Upon approval, the government offer financial subsidies for initial capital and various tax benefits. Only those social enterprises that the government approves can use the title of social enterprises. The program repeats a history of state-led welfare development in Korea, which produced a contradictory result: the government directed and controlled private sector or community-based welfare solution as an alternative to welfare state programs.

What was the key strategy for social enterprises among those who involved in the legislative processes? The key debates within the task force on social workplaces indicate that the government officials and other members recognized their failure to create sustainable jobs for participants as the key limitation of the previous programs (the Task Force, internal document, 2005). They concluded that a new program should seek more “market-oriented” and “sustainable profit-oriented” organizations. As a solution, they emphasized the participation of business firms since they would be able to make social workplaces more market-friendly in terms of their product or service provision and organizational skills. However, few corporations were willing to participate in social enterprise programs under the governmental direction (Interviews, 2007) for a possibility of state intervention.
A part of the task force members also discussed a necessity to incorporate existing self-support promotion organizations as social enterprises. Thus, from the beginning, the social enterprises had to satisfy a dual goal of making sustainable jobs and incorporating the organizations from the previous program.

The task force’s internal memo of the meetings in 2005 demonstrates that the members focused on long-term job creation rather than social service provision for the socially disadvantaged (the Task Force, internal memo, 2005). In other words, the government, in particular, the Ministry of Labor, regarded social enterprises as an alternative to its previous public works program and social workplace program for job creation. Consequently, between the European model with a focus on social service provision and the American model with an emphasis on job creation, it was argued that “market-friendly American model is better than the European one” and that “job creation should be viewed as social contribution of business firms (the Task Force, internal memo of the first meeting, 2005).” The discussion includes the cases of the major corporations with social enterprise programs to find a way to make social enterprises more market-oriented.

In short, a shift from the Ministry of Health and Social Welfare to the Ministry of Labor as a central state organization and the dependence of previous self-support promotion organizations on the state made the Korean social enterprises focus on job creation rather than social service provision and choose the entrepreneurial American model over the European model based on social co-operatives in the legislative process.
3. The Approval Procedures of the Social Enterprises

According to the Social Enterprise Promotion Act in 2007, the “Social Enterprise Promotion Committee” was created, which consisted of government officials, academics, and the members of NGOs in social welfare field. The key responsibility of the committee is to evaluate the applicant organizations to become social enterprises and to approve those organizations that satisfy the following conditions according to the act.

Table 3. The Criteria for Approval for Social Enterprises (Moon, 2008).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Type</td>
<td>- non-profit organizations</td>
</tr>
<tr>
<td></td>
<td>- co-operatives</td>
</tr>
<tr>
<td></td>
<td>- social welfare foundation</td>
</tr>
<tr>
<td></td>
<td>- association</td>
</tr>
<tr>
<td>Paid Employees</td>
<td>- Paid employees other than volunteers or unpaid members necessary</td>
</tr>
<tr>
<td>Income from business activities</td>
<td>- Income from business activities for 6 months prior to an approval application should exceed 30% of wages.</td>
</tr>
<tr>
<td>Social Goals</td>
<td>- Job creation type should hire the socially disadvantaged as more than 50% of the employees.</td>
</tr>
<tr>
<td></td>
<td>- Social service type should provide more than 60% of total services to the socially disadvantaged.</td>
</tr>
<tr>
<td></td>
<td>- Mixed type should have more than 30% for hiring and social provision for the socially disadvantaged.</td>
</tr>
<tr>
<td></td>
<td>- The socially disadvantaged are the households with their income lower than 60% of the national average household income, senior citizens, persons with disabilities, victims of sex trade, and the long-term unemployed.</td>
</tr>
<tr>
<td>Governance</td>
<td>- Employees or service clients should participate in decision-making process.</td>
</tr>
</tbody>
</table>
Profit Distribution
- Corporations or for-profit foundations should use more than two thirds of their profits on social goals.

Statute
- The Statute should specify its social goals, business contents, governance, profit distribution and reinvestment principles, investment and financing, employee composition, dissolution and liquidation, and donating more than two thirds of remaining assets to other social enterprises or public funds in case of liquidation.

These approval criteria are critical since they shaped the strategies of future social enterprises. Considering a weak tradition of independent social co-operatives or non-profit organizations in Korea, the governmental supports for the approved social enterprises can influence the development of social enterprises, which is similar to the influence of the developmental state on the Korean business firms in preceding years.

The contents of the approval criteria specify not only social goals of job creation and social service provision for the socially disadvantaged but income from business activities. Such specific emphasis on the income source from profit or entrepreneurial activities again supports the idea that the government sought to make self-sustainable business-like organizations for job creation, following the American model.

The emphasis on entrepreneurial aspects of social enterprises was clear in the result of the first approval process. In 2007, the committee reviewed 113 applicant organizations in the first round of approval process, and it approved only 36 organizations as social enterprises (Cho, 2007). The following table shows the reasons for rejecting approval.
Table 4. The Reasons for Rejecting Approval in the First Round of the Process in 2007.

<table>
<thead>
<tr>
<th>Failed to Satisfy</th>
<th>Total Number of Rejected Applicants</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational type</td>
<td>30</td>
<td>39.5</td>
</tr>
<tr>
<td>Paid Employees</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Social Goals</td>
<td>5</td>
<td>6.6</td>
</tr>
<tr>
<td>Governance or Decision-making Procedures</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>Income from Business Activities</td>
<td>13</td>
<td>17.1</td>
</tr>
<tr>
<td>Statute and Rules</td>
<td>14</td>
<td>18.4</td>
</tr>
<tr>
<td>Profit Distribution</td>
<td>5</td>
<td>6.6</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>76</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Based on the above table, one of the major reasons for rejection was a failure to satisfy the amount of income from business activities. This shows that the committee members sought to push the development of social enterprises towards a goal of self-sustainable entrepreneurial organizations. In other words, the government wanted to maintain its tradition of relying on private sector organizations for job creation and social service provision without a strong development of the government involvement in welfare financing and social service provision. In Esping-Andersen’s term for welfare regime types, the nature of
the Korean welfare regime that is somewhere between a liberal and a conservative type led to a path of the American model in developing social enterprises.

After the first round of the process, the committee had four times of the processes in 2007 and 2008. What were the nature of social enterprises from those periods? The following shows the characteristics of the Korean social enterprises in the periods.


Among 108 social enterprises that were approved in 2007 and 2008, regional distribution of social enterprises was as follows.

Figure 1. Regional Distribution.
In 2007, Seoul was the largest with Kyungki-do as the second largest. This shows that the first two rounds of the approval processes, those organizations in Seoul and its satellite cities in Kyungki-do dominated the applicants. However, in the second year, the rise of Ulsan as the largest region and North Kyungsang-do suggests that social enterprises were spread towards provincial areas.

How would the approval outcomes show business-oriented direction of the approval procedures? The following figure shows that such tendency was also supported in the actual approval outcomes.

**Figure 2. Organizational Type.**

In both years, corporations clearly dominated the organizational types. In 2007, the second largest type was incorporated associations, whereas it was welfare foundations in 2008. Thus, the committee favored
corporations with a better chance for income creation from business activities and job creation over co-
operatives or foundations.

For business activities, the following figure shows that the social enterprises concentrated on selling
services than manufacturing products in both periods.

**Figure 3. The Type of Products.**

![Bar chart showing the type of products sold by social enterprises in 2007 and 2008. The chart indicates a higher concentration on services than manufacturing.]

Considering that the key composition of their employees consisted of the socially disadvantaged, services
would be easier to produce than manufacturing products, which would require a high level of physical
abilities or skills.

In terms of social goals, social enterprises should choose among job creation, service provision or
mixed. It is clear that job creation was the dominant type in both years in the following graph.
The dominance of job creation suggests that either the committee preferred job creation than other types of social goals or the applicant organizations chose such type as a strategic decision for a better chance of approval. The result, however, is the same: the Korean social enterprises are oriented towards job creation, Thus, the initial discussion of social service provision through social enterprises as an alternative to already weak public social services got lost in the process. In other words, the institutional legacy of weak public social service program of the Korean welfare state regime shaped the development of its alternative welfare program.

To what extent was job creation achieved from these social enterprises? The following figure shows the distribution of employee size.
Although there are a number of the social enterprises that did not present their employee size, the graph indicates that a majority of the social enterprises hire somewhere between 20 and 100 workers. It shows that the social enterprises are small to medium size organizations for the average Korean firm size. But it also shows that the average size became much smaller in 2008. A further study is needed to understand the factors behind such change.

Finally, what are the key targets of the social enterprises? The following shows the distribution of the key targets.
The graph shows, in both years, persons with disabilities, followed by senior citizens, rural residents, and low income individuals, dominated the key targets of the social enterprises. It is not clear why this group was represented much more than other groups. It can be conjectured that the governmental focus on job creation for the socially disadvantaged as the key approval criterion made the persons with disabilities a strategic target. Also, another factor could be another institutional legacy from the previous programs. In other words, a number of the self-support promotion organizations from the previous social workplace program, facing the decline of its program, applied to become social enterprises. Since a large number of those organizations catered to persons with disabilities, their approval as social enterprises made the dominant group.
To summarize, not only official approval criteria but also approval outcomes support the idea that the Korean government and its non-governmental experts shifted their focus on social enterprises as business-like organizations for job creation. Only those organizations approved by the special committee could use the title of social enterprises and those organizations in social welfare fields have depended on governmental supports for their existence. Such factors also contributed to the extent to which the governmental strategy for social enterprises as an extension of job creation at the expense of social service provision, not as a replacement of its previous social welfare strategy. It is likely that the Korean social enterprises would move towards the American model, not the European one, with its strength and weakness in the future.

5. Discussion

Social enterprises as an alternative to public welfare include internal tension of reconciling social goals to hire the socially disadvantaged or providing social services with entrepreneurial activities. Due to either a low productivity of such workers or a low income of clients, social enterprises are likely to face a challenge of sustainable development without external supports. Every social enterprise across societies would experience such challenge, but it would affect the Korean social enterprises more seriously for a number of reasons.

First, the institutional legacy of welfare state programs weakens an organizational environment for social enterprises. The government’s strategy to focus on social insurance for male workers at the expense
of social services for the socially disadvantaged resulted in lack of public social services. It is such weak
development of public social services, the government sought to promote social enterprises as an
alternative. However, without strong presence of public social services, social enterprises with
entrepreneurial strategies would experience difficulties to handle the demand for social services. In other
words, social enterprises without well-developed public social services would be too constrained to
accomplish their goal.

Second, the idea of social enterprises providing social services came from the European societies with
a strong tradition of the third sector or social co-operatives. However, Korea never had strong social co-
operatives that were rooted in civil society. There have been a strong development of co-operatives in
agricultural and fishing sectors, but they have been strongly controlled by the government. Although a
large number of non-profit organizations and NGOs were created around the time of democratization
since late 1980s, they have also depended on the governmental subsidies for basic operation. Thus, the
Korean social enterprises did not have organizational and institutional experiences to sustain independent
development.

Finally, recent surge of interest in corporate social responsibility prompted a number of major
corporations in social enterprises. Compared with the American business firms, however, the Korean
firms were very reluctant to participate directly in social programs that share control with outside
organizations, governmental or non-governmental organizations. During the interviews with the key
personnel of the leading corporations in social enterprises, it was clear that the corporations wanted to
separate the operation of social enterprises with their main business. The most successful American cases
such as Pioneer Human Services, Juma Ventures, and Per Scholars share one thing: major corporations integrated the business of affiliated social enterprises within their business operation as a supplier or part of franchise operation (Park, 2007). In the process, they provided diverse consulting and training in addition to business opportunities. It is precisely such a deep level of involvement that the Korean firms have sought to avoid.

In short, the Korean social enterprises face a challenge of achieving both job creation and social service provision without strong development of welfare service programs and independent social co-operatives or non-profit organizations and a deep level of inter-firm involvement of major corporations. In such institutional environment, the social enterprises that have been approved so far reveal their strategy to create short-term jobs, since the official committee to approve applicants and evaluate approved social enterprises would grade them based on job creation. Such tendency is clear in the following analysis of the approval process of social enterprises and consequent list of such organizations.

6. References

[In Korean]


[In English]


