

Work Integration and Social Enterprise in Korea at the Light of the European Experience

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Abstract

For some 15 to 30 years according to each country, one have been witnessing in Europe the emergence of what has been called the “**Social Enterprise**” due to the combination of **two broad trends**. One is the persistence of **mass unemployment** and a large recognition that traditional programs to struggle against unemployment had failed to make the necessary connection between training and employment. The other one is the extension of the concept of **welfare mix** due to the withdrawal of the State as a provider for some welfare services that led to the creation of welfare markets and the introduction of new providers in the field of welfare. After presenting the main features of the concept of social enterprise and its forms in Europe to deal with the unemployment issue (Part 1 and 2), this contribution proposes to deal with the Korean experience of work integration and social enterprise at the light of the European experience (Part 3 and 4).

1. The Rise of the Social Enterprise In Europe

Throughout the European countries we have been seeing for some 20 years the remarkable development of social enterprises. These socio-economic initiatives are part of the third sector, also called “social economy” in Europe, operating between the profit oriented private sector, and the public sector. The “social enterprise” terminology itself appeared in Europe in the late 1990’s in relation with the combination of **2 broad trends** affecting the European socio-economic models.

The first one is **the persistence of mass unemployment and high long-term unemployment** accounting for almost half the total unemployment in many European countries. That led to a growing acknowledgement that the traditional programs to struggle against unemployment had failed to make the necessary connection between training and employment. In the EU the average official levels of unemployment have been 1.6% in 1960s, 4.2% in 1970s, 9.2% in late 1980s, 11.0% in early 1990s, and 8% in early 2000s (Taylor, 2003). Generally work has become more precarious, creating the conditions for social exclusion of disadvantaged in the labor market.

Social enterprises are emerging as important instruments to address these problems of persistent unemployment and social exclusion of disadvantaged groups - through work integration. This continued emphasis on overcoming exclusion and the reproduction of a new underclass, has resulted in an emphasis on more active labor market policies for these more disadvantaged groups. Concern for social exclusion can also be seen in the development of a series of specific measures for tackling poverty and social exclusion.

The other one is a general process of replacing the traditionally strong welfare state in most European countries with welfare pluralism or a mixed economy of private, public and third sector providers. This process, also mentioned as the rise of welfare pluralism, had two important dimensions: first the withdrawal of the State as a provider for welfare services, then the creation of welfare markets and the introduction of new providers in the field of welfare (see on that point: Johnson, 1987; Evers, Svetlik, 1993; Laville, 2003; Powell, Barrientos, 2004). The Social Enterprise then appeared at the crossroads between these 2 trends, it means they are involved either in **the delivering of welfare services** (for example: childcare or care to the elderly) or in **the work integration of disadvantaged or disabled people** (sometimes in both of them together).

A first survey led at the end of the 1990's in 12 European countries put the first basis for a definition of the social enterprise that could reflect the reality of the different countries involved. This definition, known as the EMES definition (EMES for "Emergence of the Social Enterprise" was the name of the survey), distinguishes on the one hand criteria that are more economic, and on the other hand indicators that are predominantly social (Defourny and Borzaga, 2001).

Four factors have been applied to corroborate the economic and entrepreneurial nature of the planned initiatives.

a) A continuous activity producing goods and/or selling services

Social enterprises, unlike the traditional non-profit organisations, are normally not engaged in advisory activities as a major goal or in the redistribution of financial flows (as, for example, grant-giving foundations). Instead they are directly involved in the production of goods and the provision of services to people on a continuous basis. The provision of services represents, therefore, the reason, or one of the main reasons, for the existence of social enterprises.

b) A high degree of autonomy

Social enterprises are voluntarily created by a group of people and are governed by them in the framework of an autonomous project. Although they may depend on public subsidies, public authorities or other organisations (federations, private firms, etc.) do not manage them, directly or indirectly. They also have the right of participation and to terminate the project.

c) A significant level of economic risk

Those who establish a social enterprise assume totally or partly the risk of the initiative. Unlike most public institutions, their financial viability depends on the efforts of their members and workers to secure adequate resources.

d) A minimum amount of paid work

As in the case of most traditional non-profit associations, social enterprises may also combine monetary and non-monetary resources, voluntary and paid workers. However, the activity carried out in social enterprises requires a minimum level of paid workers.

To encapsulate the social dimensions of the initiative, five indicators have been selected:

i) An initiative launched by a group of citizens

Social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim. They must maintain this dimension in one form or another.

ii) A decision-making power not based on capital ownership

This generally means the principle of "one member, one vote" or at least a voting power not distributed according to capital shares on the governing body which has the ultimate decision-making rights. The owners of the capital are obviously important, but the decision-making rights are shared with the other stakeholders.

iii) A participatory nature, which involves the persons affected by the activity

Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises. In many cases, one of the aims of social enterprises is to further democracy at local level through economic activity.

iv) Limited profit distribution

Social enterprises not only include organisations that are characterised by a total non-distribution constraint, but also organisations like co-operatives in some countries, which may distribute profits only to a limited extent, thus avoiding a profit-maximising behaviour.

v) An explicit aim to benefit the community

One of the principal aims of social enterprises is to serve the community or a specific group of people. To the same end, a feature of social enterprises is their desire to promote a sense of social responsibility at local level.

2. Work Integration Social Enterprise (WISE) in Europe

Among Social Enterprises, what has been the most studied so far is the Work Integration Social Enterprise (WISE), it means an autonomous economic structure whose objective is the professional and social integration of people victims of social exclusion through a productive activity. The aim of a WISE is to provide a sustainable integration within the social enterprise itself or in traditional enterprises. Two research projects realized between 2001 and 2004 provided an extensive knowledge on the WISE in Europe: The ELEXIES project¹ (2002-2003), and the PERSE project² (2001-2004).

The ELEXIES project was a study of social enterprise providing work integration in 12 European countries. The characteristics of this project was to be a collaboration between practitioners and researchers through a partnership between 2 networks (EMES: www.emes.net and ENSIE: www.ensie.org) and the professional federation of worker coops and social enterprise (CECOP: www.cecop.org). EMES is a European network of universities and centres of research in several countries of the European Union, and its researchers study social enterprise, the third sector and civil society. ENSIE (European Network of Social Integration Enterprises) is a network concerned with developing, supporting and representing work integration social enterprises. And CECOP is a powerful professional organization representing, advocating, and supporting all kinds of worker coops, and what is considered as derived forms like the social enterprise.

¹ See: Spear R., Bidet E., *The role of Social Enterprise in European labour markets*, ELEXIES Transversal Report, *EMES Working Paper* 04/01, 43 p, and: Spear R., Bidet E., *Social Enterprise for Work Integration in 12 European Countries: A descriptive Analysis*, *Annals of Public and Cooperative Economics*, 76:2, Blackwell Publishing, 2005, 36 p

² See: Davister C., Defourny J., Grégoire O., *Work Integration Social Enterprises in the European Union: An overview of existing models*, PERSE Transversal Report, *EMES Working Paper* 04/04, 30 p

Both of these surveys contributed to validate and give more credibility to the EMES definition of the Social Enterprise which had been built up from a more restricted and less systematic observation. A detailed information of the results provided by these 2 major research projects can be found on the EMES Internet site. I will only stress out here the main results of these 2 projects.

First, they pointed out that 3 broad cases emerged in terms of **recognition and legal structures**: WISE with their own legal framework and exclusively concerned with work integration (like social coops in Italy), WISE exclusively engaged in work integration but not enjoying a complete and specific legal recognition (entreprises d'insertion in France or Belgium, insertion companies in Portugal, social integration enterprises in Ireland), and WISE without their own legal framework and not exclusively engaged in work integration (worker coops in the UK). Although a few WISE can opt for a classical commercial status, like some entreprises d'insertion in France, the legal status preferred by most types of WISE is that of social economy (non-profit or cooperative).

In the different surveyed countries, the WISE show very **different levels of maturity and development**: Some countries have older and more well established initiatives whereas other countries were at the very beginning in terms of work integration. The situation of the labor market is a key factor to explain such differences between countries facing high unemployment rates and a large structural unemployment for more than 20 years (for example: France, Spain, Belgium), countries like the U.K. or Luxembourg where the unemployment rate is kept around 3%, or a country like Germany where the labor market situation changed radically in the early 90s because of reunification. A WISE can be launched at very different levels: National, Regional, Municipal, Social Economy, Civil Society. And support policies vary from the top down to bottom up, with a large and increasing intermediate category of partnership (which may be social economy specific or general).

Regarding the **categories of persons affected by the activity** of the WISE, the 2 main target groups are handicapped people and jobseekers with serious and sustainable integration problems. In most countries, the WISE created to deal with the integration of disabled people generally appeared first and the term "sheltered workshops" or "sheltered jobs" is often used for this category, to underline the fact that the work environment is adapted to the physical, mental or sensory handicaps of the workers. As for the second category, the surveys identified 3 sub-groups: Jobseekers with serious social problems, "Hard to place" and/or long-term jobseekers, Young low-qualified jobseekers. Some social enterprises are concerned with specific target groups, while others are more generalist according to the existence of a specific legal framework:

Regarding the **level of autonomy** enjoyed by the different types of WISE, some who have been part of the public sector still have the status of quasi-public enterprises. But in many cases there seems to be an increasing tendency for the state to distance itself from the management and the ownership of these enterprises. The autonomy can be closely related to the funding structure. There is considerable diversity within the WISE sector regarding the **funding structure**, but 3 main types of WISE exist regarding their financing: The WISE mainly financed by market resources, the WISE mainly financed by public subsidies, the WISE mobilising a high proportion of donations and volunteering. Several types can co-exist within one country.

The **modes of integration** provided by the WISE vary a lot according to their target group, which is often related to the existence or not of a specific legal framework that defines accurately the characteristics of the people that the enterprise can hire. Finally 4 main modes of integration have been found:

- **Transitional occupation:** The aim is to give the target group work experience (transitional employment) or on-the-job training, with a view to achieving the integration of these disadvantaged workers in the open labour market.

- **Creation of permanent self-financed jobs:** The aim is to create jobs which are stable and economically sustainable in the medium term for people disadvantaged in the labour market.

- **Professional integration with permanent subsidies:** The aim is to offer stable jobs, permanently subsidised by public authorities for the most disadvantaged groups, for whom integration in the open labour market would be difficult in the medium term. These WISE employ mainly disabled workers, but also people with a severe "social handicap".

- **Socialisation through a productive activity:** In this last category, the aim is not professional integration in the open labour market (even though this possibility is not excluded) but rather the (re)socialisation of the target groups through social contact, respect for rules, a more "structured" lifestyle, etc.

The two projects displayed 5 main types of WISE in Europe::

- **Social coops** (Italy, UK, Sweden, Spain). These tend to be more commercial, offering permanent jobs. Worker co-ops and the labour co-ops from Finland may be considered an allied structural form.

- **Associative structures providing temporary or permanent employment** (voluntary organisations in UK, entreprises d'insertion in France and Belgium, work integration social enterprises in Ireland). These are often linked to specific target groups.

- **Community owned structures with training or employment initiatives** (Régie de quartier in France, Community Business in the UK, Sweden, and Ireland). They often combine work integration with the socio-economic development of a local territory and depend on mix funding.

- **Transitional employment enterprises:** In the UK (Intermediate Labour Market Organisations), France (associations intermédiaires, ETTI), Belgium (Entreprises de Formation par le Travail), Portugal (Insercion Companies), Luxembourg (Structures reconnues d'utilité socio-économique et Initiatives d'économie solidaire). The widely differing resource mix depends on the levels of disadvantage of individuals and communities.

- **Sheltered workshops for disabled people:** Such WISE exist in most of the countries, and there are even two main types of WISE in Sweden (social cooperatives and Samhall), and three different types of these WISE in Spain (ONCE, occupational centres and special employment centres).

3. The Korean Labor Market: General data

Before coming to the Korean experience of social enterprise and work integration, we have to say a few words about the Korean labor market for a better understanding of what are the main features of the work integration issue in Korea. According to official data, unemployment is much lower in Korea than in most European countries: This rate has been kept steady under 5%, more often even under 4%, at the exception of the two years that followed the crisis (1998 and 1999) when it respectively reached 6.8% and 6.3%.

	2005	2004	2003	2002	2001	2000
Active population	23,743	23,417	22,957	22,921	22,471	22,134
Inactive population	14,557	14,300	14,383	14,042	14,108	14,052
Unemployed persons	887	860	818	752	899	979
Unemployment rate	3.7	3.7	3.6	3.3	4.0	4.4
Employment/Population	59.7	59.8	59.3	60.0	59.0	58.5
Participation rate	62.0	62.1	61.5	62.0	61.4	61.2

Source: Korean National Statistical Office

After these two difficult years for employment, the situation of the Korean labor market rapidly improved until 2002. Then, as shown by the above data, the general situation on the labor market has steadily been worsening since 2002: The unemployment rate has steadily increased as well as the number of unemployed persons who are 135 000 more in 2005 than in 2002 (+ 18%) and the employment/population ratio has decreased although it is still higher than it was in 2000 as well as the participation rate. However, the Korean labor market has specific features, and especially very different features, compared to the European labor market, that the above data do not reflect.

First, this market is marked by a high rate of non salaried jobs –unpaid workers) such as self employed or family workers that account for more than 30% of the total employment. In Europe, the average proportion of non salaried workers within the EU of 15 countries is almost twice lower (16%) ranging in most countries between 7% (Luxembourg) and 17% (Spain), with the exceptions of Italy and Portugal (27%), and Greece (40%). For the structure of the workforce, Korea is much closer to the extreme situation of Mediterranean Europe than to the average situation of European countries and even more the situation of Northern Europe.

Further than this distinction between salaried and non salaried jobs, one can also point out the high proportion of **precarious salaried jobs** in Korea compared to most European countries. In France, for example, more than 80% of the salaried employees have a regular job which means a contract without any fixed term (contrat à durée indéterminée). In Korea this proportion is only a little bit more than 50%. Moreover combined with the high proportion of non salaried workers mentioned before, Korea has among OECD countries the lowest proportion of regular salaried workers, which accounts for some 30% of all workers, salaried and non salaried together) which shows that the Korean labor market as a whole is very flexible contrary to what has often been

told in many economic surveys on Korea. The Korean labor situation implies a strong duality between the **regular jobs** which enjoy good working conditions and a good protection including social benefits but still represent the minority of the total employment, and the **non regular jobs** which often offer bad conditions and almost no protection and social benefits and count for the majority of the total employment. This duality has also often been expressed with the term of “bipolarization” of the Korean society. In the 2 years following the crisis (1998-2000), 210 000 regular jobs disappeared whereas 510 000 temporary jobs and 640 000 daily jobs were created. The share of regular workers that accounted for 54% of salaried workers in 1997 decreased to 50% in 2002 : many “secure” jobs had been replaced by precarious jobs due to the tripartite agreement that allowed massive layoffs. According to the data in table, this trend has partially disappeared as the number of regular workers has been increasing since 2000 to represent in 2005 52% of all salaried workers. However this level is still 2 points lower than it was in 1997.

Such a precariousness on the labor market creates the conditions for more social exclusion all the more so since the social protection network is not developed enough to correct this precariousness of work. Indeed most of the Korean workers do not enjoy unemployment insurance coverage which only covers regular salaried workers and also offers only very limited benefits (limited in both length and amount). That is to say that many Korean workers will either have to rely on the familial solidarity and/or personal savings or face serious financial problems when they come to be unemployed.

Employed persons by status of workers

	2005	2004	2003	2002	2001	2000
Total workers	22 856	22 557	22 139	22 169	21 572	21 156
Unpaid workers	7 671	7 663	7 736	7 988	7 913	7 795
- Self-employed	6 172	6 110	6 043	6 190	6 051	5 864
- Unpaid family workers	1 499	1 553	1 694	1 797	1 863	1 931
Wage and salary workers	15 185	14 894	14 402	14 181	13 659	13 360
- Regular employees	7 917	7 625	7 269	6 862	6 714	6 395
- Temporary employees	5 056	5 082	5 004	4 886	4 726	4 608
- Daily workers	2 212	2 188	2 130	2 433	2 218	2 357

Source: Korean National Statistical Office

Another deep duality exist between Korean men and women situation on the labor market. In most European countries the employment rate of women ranges between 55 and 65% with the Scandinavian countries above 70%. In Korea this rate is under 50% but the deepest difference has to do wit the permanency of women jobs. The large majority of Korean women still hardly cannot enjoy a continuous working life, that is to say most of them have to or decide to quit their jobs when they marry or more often when they get a child. Whereas European data do not show a significant decrease of women participation rate according to the age, Korean data show a break around 30 years old: Before this age Korean women have a similar participation rate as Korean men, then the difference becomes huge (40 points in the 30-39 years old bracket, 30 points in the 40-49 and 50-59 years old brackets). After 30 years old, 35 to 45% of Korean women do not

work although most of them are not included in the unemployment data because they are not in search of a job. This situation based upon the model of a single income couple increases the risk of social exclusion as the couple cannot rely on a second income in case it loses one. Moreover we here have a specific group (the women) who are in a situation of job exclusion that could turn into social alienation if combined with other changes such as a rise of divorces emphasizing the necessity for Korean women to work.

To stress out these few points about the Korean labor market indicates two major things. First that the official unemployment rate does not reflect the real complexity and difficulties of the Korean labor market and that it is not very relevant to simply compare this rate with the same rate in European countries where the labor context is very different with the dominant model of the regular job contract combined to double income couples and an extensive unemployment insurance system offering high benefits on a long term. Second it also shows that the characteristics of the Korean labor market include a significant risk of social exclusion that has long been neglected until it has been proved at the occasion of the 1997 crisis.

4. Work Integration and Social Enterprise in Korea

Before the 1997 crisis, Korean organizations of civil society did not very much involved in the economic issues and focused their action mainly on political issues (Bidet, 2002). The experience of the neighborhood anti-poverty movement beginning in the 70's was one of the rare exceptions with actions like running cooperatives, nurseries, etc. But the Korean civil society really began to deal with the economic related problems after the sudden rise of unemployment and social exclusion in 1998. The dramatic situation that followed the 1997 crisis revealed the weakness of both the Korea labor market and welfare protection net. Many jobs were suppressed at that time resulting in a spectacular rise of the unemployment rate from 2% at the end of 1997 up to 8.5% at the beginning of 1999. Several signs of social exclusion dramatically increased during this period: a rise of homeless people, of suicides, of divorces, and of household debt. A large part of the poor and unemployed people did not get any benefits from the social protection system.

A *Solidarity to Overcome Unemployment* was created in 1998 by several groups of associations engaged in difficult areas of Seoul. The leading Korean civic movements as PSPD and CCEJ also played a prominent role. To deal with this sudden problem of mass unemployment, the Korean government promoted public works programs that provided temporary works and a livelihood support to their beneficiaries. Some 400 000 people were engaged in such public works programs in 1998, 1.5 million in 1999, then about 700 000 in 2000 (No). However these public works programs did not succeed in creating stable jobs but only temporary and unqualified jobs. After 1999, the Korean government contracted out some 10% of the public works to the civil society. This was in a sense the first partnership between government and civil society in the economic and social field and put the basis for the development of work integration programs and the creation of social enterprises. At the same time began a more global thought on how to promote and encourage the creation of socially useful jobs in order to deal with the unemployment issue.

What really put the basis of a work integration policy in Korea is the enactment in 1999 of a more extensive general law to deal with social exclusion: The **Minimum Living Standard Security Act** that applied in 2000. The MLS is supposed to be given to any household under the

poverty line which is around 1 million won/month for a 4 persons household. The MLS is a residual allowance that is to say that anyone with an income under this line can get the difference to meet the line. But other criteria, especially the primacy given to the family support, exclude in fact many people from the benefit of the MLS (an applicant is denied the MLS if his family members, it means parents, children or siblings, can financially support him regardless of the real support he gets from them). Five years after its introduction, the MLS is covering 1.5 millions persons which means 3% of the total population. The MLS reshaped the organization of work integration because it includes a work integration dimension. Precisely the MLS is a package that includes 7 monetary and non-monetary allowances in relation with several fields (health, education, housing, etc.), one of them is the work integration. According to the law, a beneficiary of the MLS, if considered as able to work, must engage in a work integration scheme in order to get the full MLS allowance. If not the work integration allowance of the MLS is supposed to be suppressed.

The work integration dimension of the MLS represents the first large-scale program of that kind in Korea. In the Korean terminology, work integration is referred as “self-help” or “self-sufficiency” (*jahwal*) and the final goal of the work integration is supposed to be the creation of a self-help enterprise (*jahwal gongdongche*). But all participants in the work integration process are not able to create a self-help enterprise, and some of them (actually the majority) can be engaged in a self-sufficiency work project (*jahwal geunlo*). The Korean terminology distinguishes between two kinds of self-sufficiency work: One called “up-grade” which has for aim the creation of stable jobs, and another one called “simple labor” (*geunlo youjihyeong*) which only provides temporary and unskilled work. Since 2002, the “up-grade” self-sufficiency work is separated into two different categories: The “market-type” (*sijang hyeong*) for activities that can find a market profitability, and the “social-type” (*sahoe hyeong*) for activities that cannot meet a market profitability but provides socially useful services. The self-help programs are run by the central and local governments but also for a part by nonprofits called “self-help support centers” (*jahwal hugyeon gigwan*).

These self-help support centers propose three different types of work integration schemes: the organization of professional training programs, the provision of jobs in micro-enterprises that they run, or the distribution of a financial support for the creation of a self-help enterprise. A self-help enterprise can get a 3 years financial support from the self-help support center and the salary are also partially subsidized by public funding. In 1996, 5 pilot self-help support centers had been created and then enlarged to 20 in 1999 but these programs remained very limited and focused only on long-term unemployed. Now the self-help support centers are almost 250 nationwide. Some of them are new structures created to deal with work integration whereas some other one are the old Community Welfare Centers that are used to deal with specific categories like the elderly or the handicapped persons. Each of them has applied to the Ministry of Social Affairs in order to get an agreement and then to receive the major part of their resources from public subsidies through an annual financial budget allocated to carry on their work integration programs. For this reason they are very dependent and under the authority of the Ministry and cannot be considered as a social enterprise with a high degree of autonomy. Their public is recipients of the MLS that are engaged in a work integration effort as well as other persons who are engaged in a self-employment effort but are not eligible to the MLS.

Regarding first the work integration as a whole, there was in 2005 some 60 000 recipients of the different types of supports for work integration in Korea: More than 40 000 in the different public schemes organized by the Ministry of Labor and local governments (including the public works programs), and almost 20 000 in the different programs organized by the self-help support centers. About 37 000 out of the 60 000 were engaged in what we called the “simple labor”

projects, whereas 2 200 persons participated to some 200 self-help enterprises, and more than 20 000 participants were engaged in the self-sufficiency work projects of the “up-grade” type (70% social-type and 30% market-type). A few years earlier, in September 2002, there were only 1 000 self-sufficiency work projects of the “up-grade” type nationwide with some 10 000 participants. 40% of these projects were market-type and 60% social-type. Since 2001, 580 self-help enterprises have been created, among them some 350 are still operating (including the mentioned 200 that are currently receiving a support).

If we look now at the work integration action of the Korean work integration social enterprise only, that is to say the activity of the self-help support centers. At the first trimester of 2006, the self-help support centers were running 1 855 programs: About 400 “up-grade” type programs to help the creation of micro-enterprises (2 300 participants) and some 1 500 programs for the creation of “simple labor” (about 15 000 participants). Altogether these programs had some 18 000 participants which represents 30% of all the 60 000 persons currently in a work integration process. The rest was engaged in public schemes and public works programs that are organized by the Ministry of Labor and local governments. The beneficiaries of the MLS represented less than 45% of all the participants in the self-help support centers but some 55% of all the participants in work integration. It is interesting to stress out that women represent 80% of all the participants in the self-help support centers and more than 95% in specific fields like the care services. It reflects the fact that women, especially women in atypical familial situations (divorced women, widows or unmarried mothers) represent a large part of the poor in the Korean society.

The major industries concerned by the work integration action of the self-help support centers are the following one: The care services (especially services to elderly or to handicapped persons), the forest maintenance, the building and housing renovation for the poor, the services to enterprises, the recycling of waste, the cleaning services (especially in primary schools), car washing, and catering. 40% of them are “market-type” and 60% “social-type”. The care services provision takes the lion share with more than 6 000 participants in 400 programs, whereas each other industry mentioned has less than 2 000 participants in 150 to 250 programs.

5. Conclusion

One of the core feature of the European social enterprise is to be a voluntary organization coming usually from the civil society, then often developing thanks to a resource mix including market resources, giving, voluntary work, and a public support through specific public schemes and sometimes enjoying a specific legal status. The work integration social enterprise helps to struggle against social exclusion in two ways: By providing jobs or training to unemployed people, and by providing a social assistance to those unable to come back to the labor market. We assumed that in Europe this kind of social enterprise appeared due to the combination of two broad trends: The rise of mass unemployment and the withdrawal of the State as a provider for some welfare services that led to the creation of welfare markets and the introduction of new providers in the field of welfare.

We can find in Korea the first same reason after the 1997 economic crisis (the so-called “IMF crisis”), but the second one is different: Rather than a withdrawal of the State as a provider for some welfare services, the contracting out in the field of work integration introduced in Korea in 1999 and then enlarged since 2000 after the enactment of the Minimum Standard Living Security Act met the concern to limit the role of the State and the public sphere in the field of welfare. In

a country like Korea where the welfare schemes are recent and the public funds limited (see Bidet, 2004), the issue is not really the withdrawal of the State but alternative solutions to avoid the introduction of heavy public schemes that can become a source of high public expenditures. Therefore the Korean work integration approach is governed by the logic of workfare rather than welfare. It means that rather than to provide a social assistance to those unable to come back to the labor market, the main concern of this approach is to encourage the return on the labor market and the creation of jobs in social enterprises which is considered by the administration as the ultimate goal and actually the only worthwhile form of work integration. But many of the jobs in the self-help enterprises are still neither stable nor well paid enough and do not allow to escape from a situation of poverty or precariousness. The quality of work integration provided in the different schemes is still very questionable, more especially in the programs organized by the public sector (central or local governments) which provide mainly unqualified works without any accompanying measures or any perspective of stability.

Under this general framework, we have seen that two kinds of private organizations are engaged to deal with the work integration in Korea: The self-help support centers and the self-help enterprises. Despite they are private and nonprofits, the first one cannot actually be considered as social enterprise as it is defined in Europe because they are too closely relying on local or central governments which give approval and support to them. These organizations can then be considered as quasi-public organizations. The self-help enterprises, that do not have such a subordination link, represent surely the closest kind of experience compared to the European experience of social enterprise. However it is difficult to say so far how much they meet the EMES criteria of democratic governance which is a basically unusual concept in the Korean business context (see Bidet, 2002). They do not yet enjoy a specific legal status but the enactment of a law on social enterprise is on the 2006 agenda of the Korean government. Three projects (one from the civil society, one from the ruling party and the other one from the opposition party) are under consideration at the National Assembly. What will be the legal status adopted for the social enterprise will probably give a part of an answer to the question of the democratic governance.

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