

Social Enterprises in Korea

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Social Enterprises

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Social Backgrounds: New Social Risks

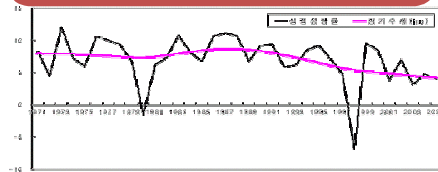
Domestic Situations

1. Decreasing growth rate
2. Social bipolarization
3. Low birth rate & aging
4. Changing family structure
5. Declining people health level
6. Uncertainty about the future

Foreign Situations

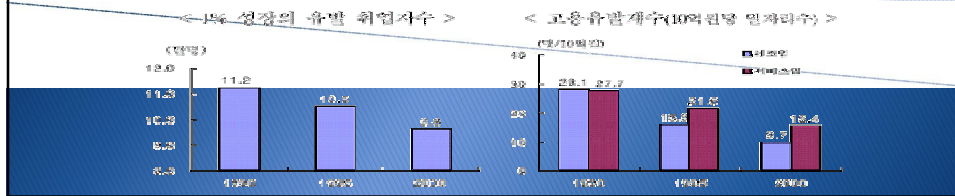
1. Open market: **FTA b/w Korea and America**
2. Knowledge-based economy
3. Information Society

Growth rate recorded 6~8% until mid '90s, recording only 4% in 2000s

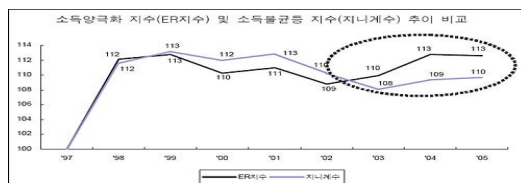


According to KDI(2006), this downward trends will be continued for a while.

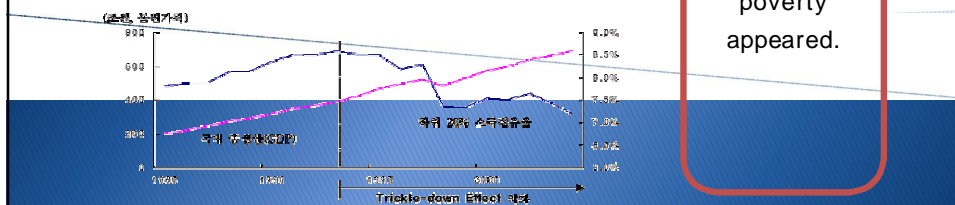
Jobless growth



Bipolarization index (ER index) as well as income inequality



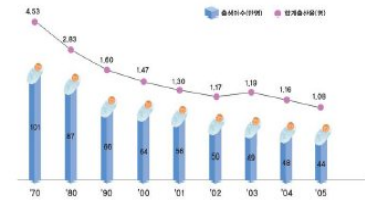
Division improvement effect (trickle-down effect) of growth



Upward social mobility blocked. Vicious circle of poverty appeared.

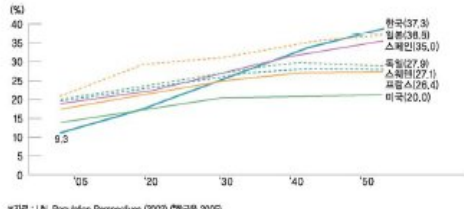
Low Birth Rate

- 1.08 in 2005 (lowest in the world)
 Japan 1.29 (2004), US (2.04),
 1.6 (OECD average, 2003)

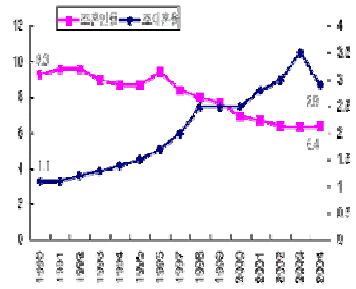
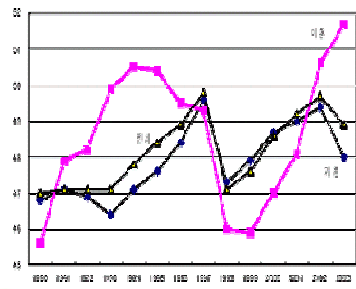


Aging

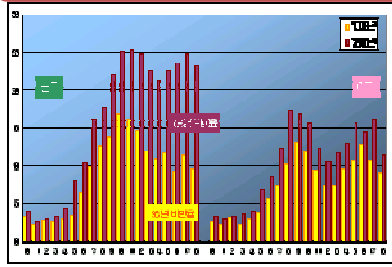
- 7.1% aged over 65 in 2000 (Aging society)
 - 14% expected in 2018 (Aged society)
 - 20% expected in 2026 (Super-aged society)
 - In 2050 (the oldest country)



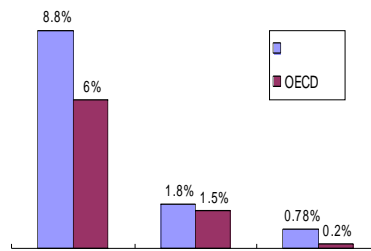
Family Structure Changed: Nuclear Family, Women Participation in Economic Activities and Divorce Increased – Ability for home care for the aged and disabled decreased



Obese Population, Mental Health Problems, Chronic Diseases, and Suicide Increased

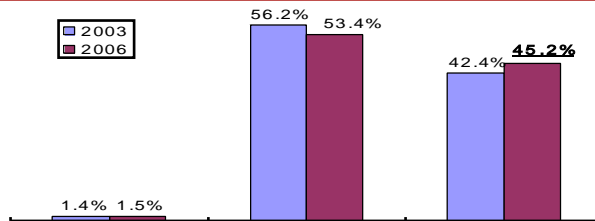


Obese rate ('98 and '05, comparison) below 18 years old



Unhealthy Level (Korea/OECD comparison)

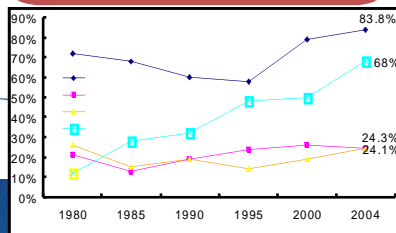
Class Recognition: National Statistical Office(2006)



Class attitude survey (National Statistical Office, 2006)

Open Market

- Globalization and regional economic integration
- Korea-America FTA



Market Opening level of major countries

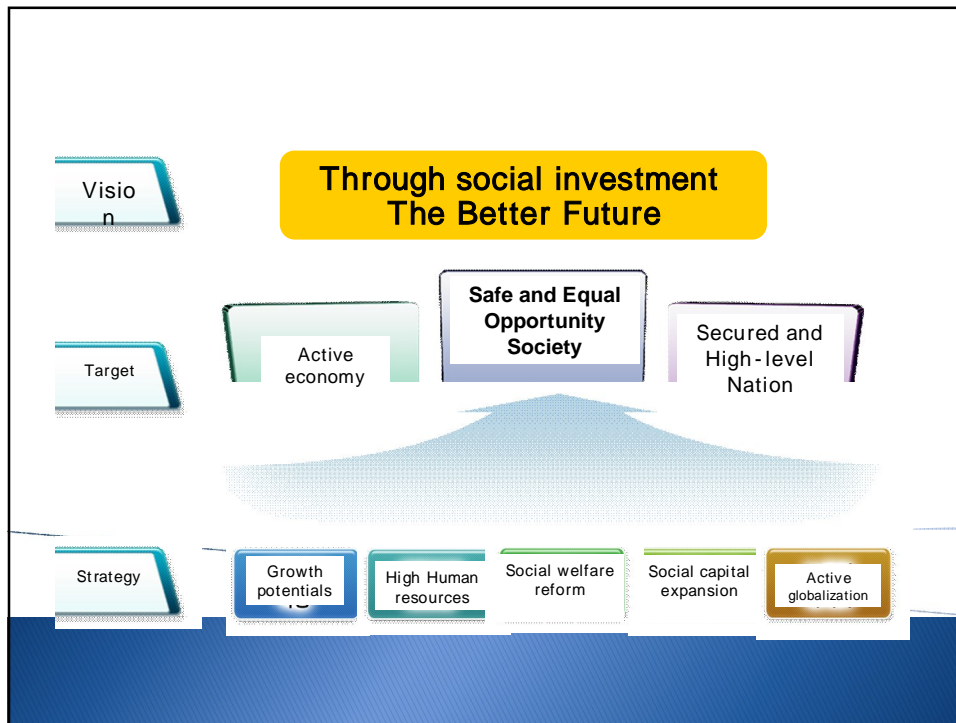
Knowledge-base economy & Information

- High-quality Human resources are needed
- New social risks: lack of knowledge and information
- New social policy required

New social Policy

Economic policy and social policy mutually (OECD, EU, World Bank etc.. etc..)

- Welfare and work link
- Learning and welfare (Learnfare)
- Flexible labor market
- Pension Reform
- **Public Social Services**
- Welfare as Social investment
- Expenditure priority changed:
 - More Support on work than non-work
 - Education/training/active labor market policy
 - Woman's economic participation



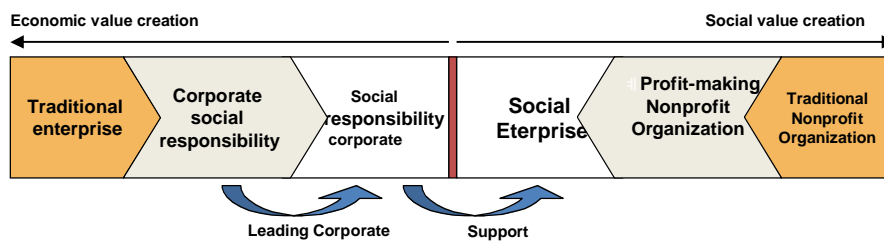
Efforts to Create Social Enterprises

- From 2003 social job creation project with NGOs
- In 2007, 11 ministries of government to participate to provide jobs for the disadvantaged and social services for all society



The Concept of Social Enterprise in Korea

Positioning of Social Enterprise



* Origin: Social Enterprise Typology

Goals of Social Enterprises

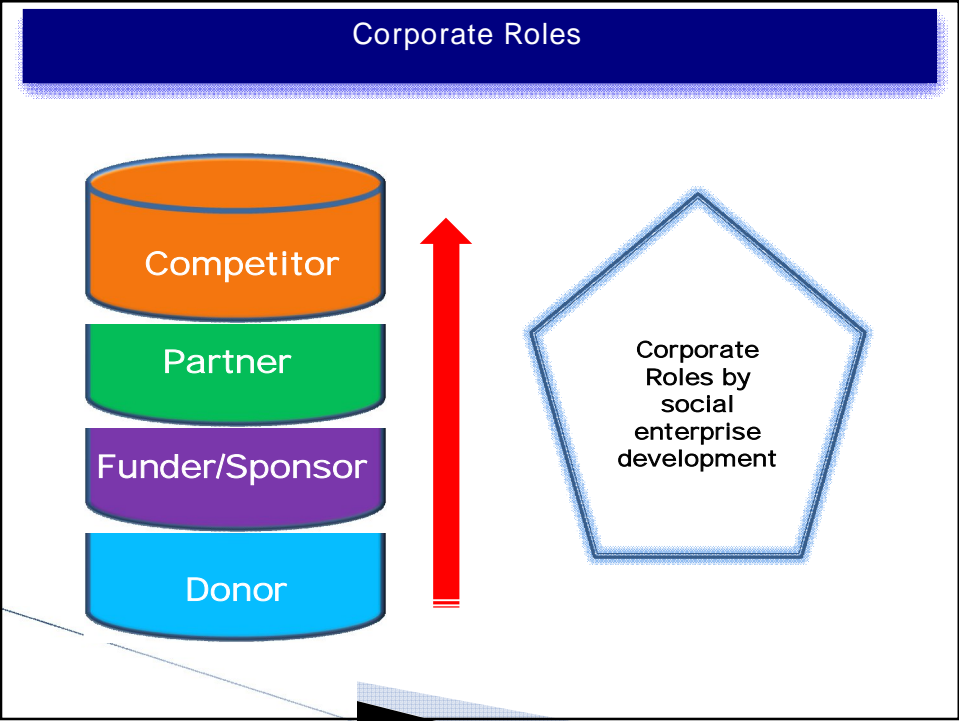
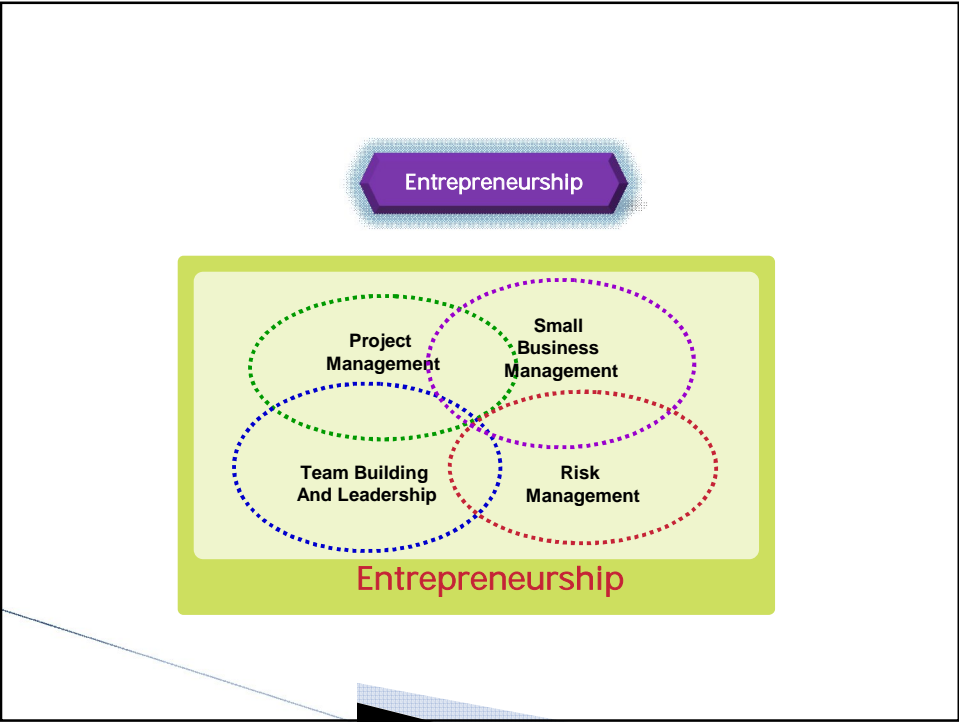
1. Job creation ?

- As employment strategy, persistent personnel expense support needed
- Doubts on the Continuance of Government-supported jobs

2. Providing high-quality social services?

- Service quality improvement by competition
- Service creation attractive to middle class
- Accessibility and efficiency needed





Types of Social Jobs in Korea

Independent Type

Emphasis in independence

Public Type

Social demand

Project/wide area Type

Bigger Scale and wider model

- Divided from 2006 for support purposes
- Consulting and education in addition to financial supports

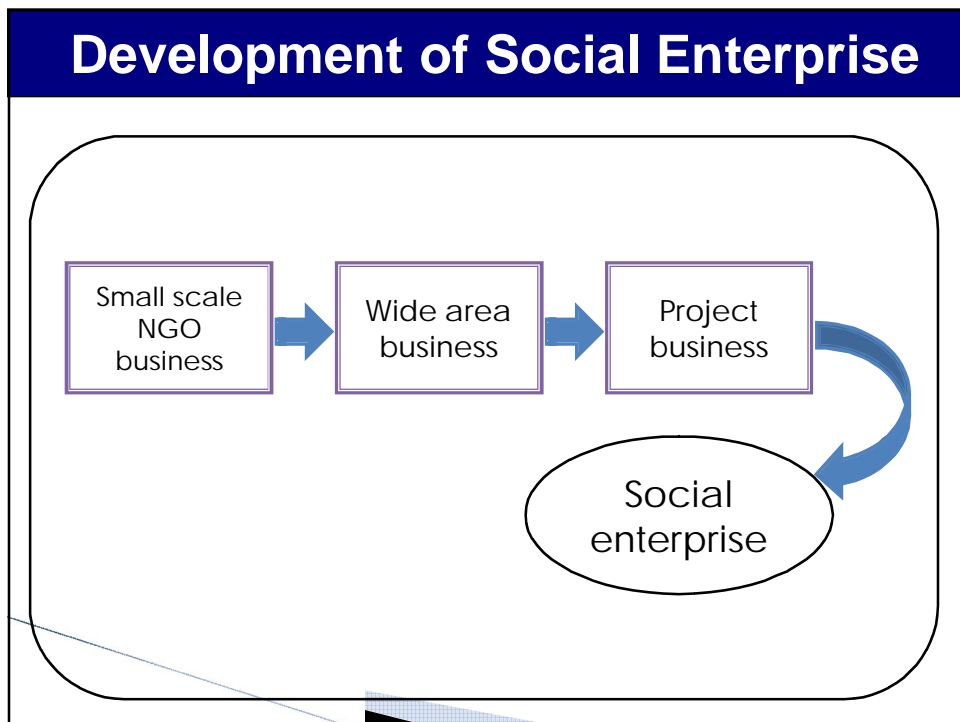
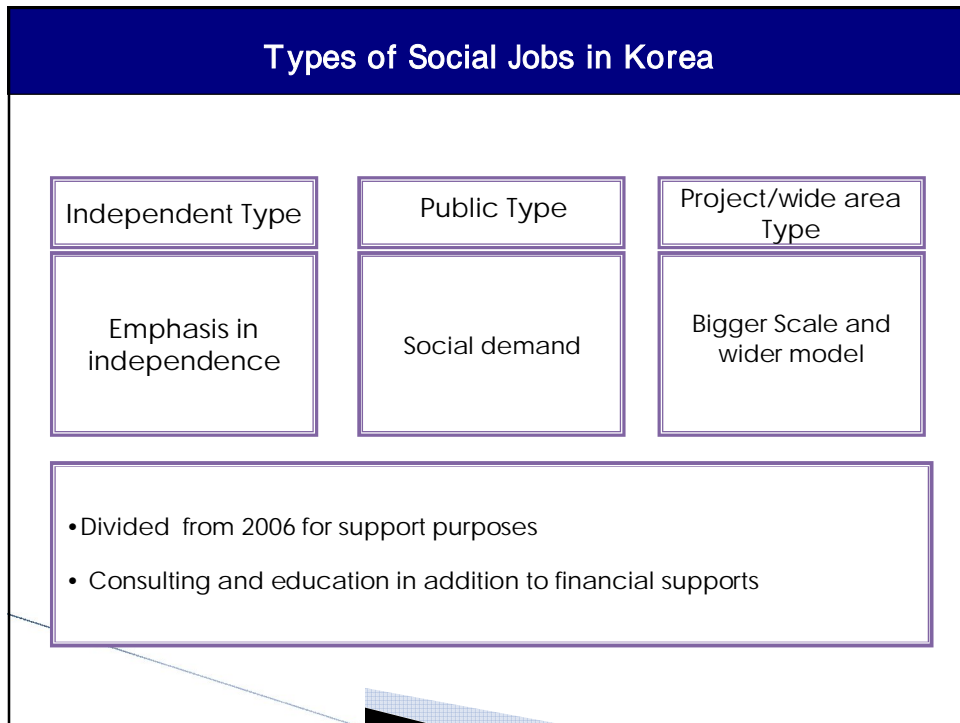
Development of Social Enterprise

Small scale
NGO
business

Wide area
business

Project
business

Social
enterprise



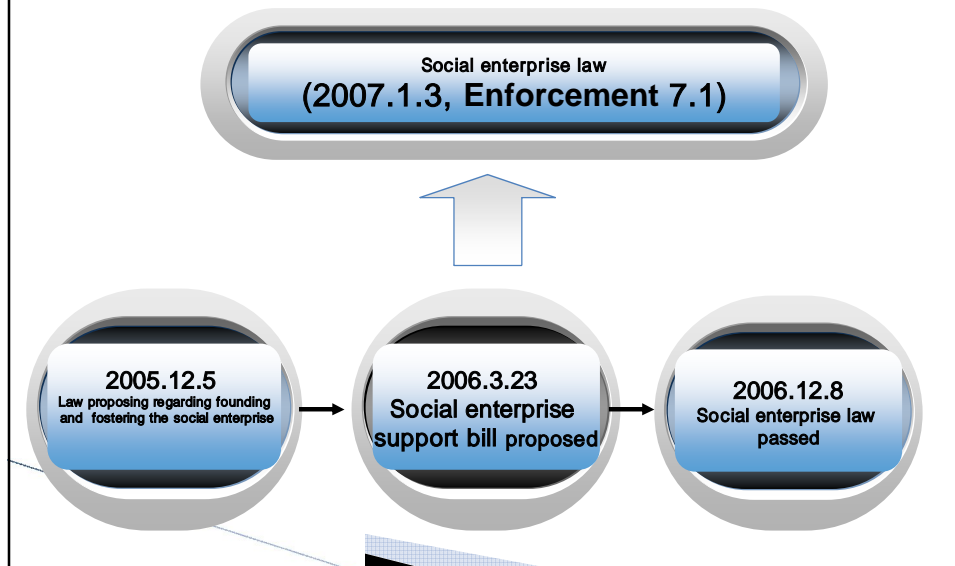
NGO, Business, Local Government

	NGO	Business	Local government
Need	Service offer for local community	Social contribution	Job opportunity/ Welfare for citizens
Capacity * strength	Practice experiences Moral	Management ability, mind Financial resources	Administrative support Local government facilities support

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Laws on Social Enterprise
in Korea

Social enterprise law establishment



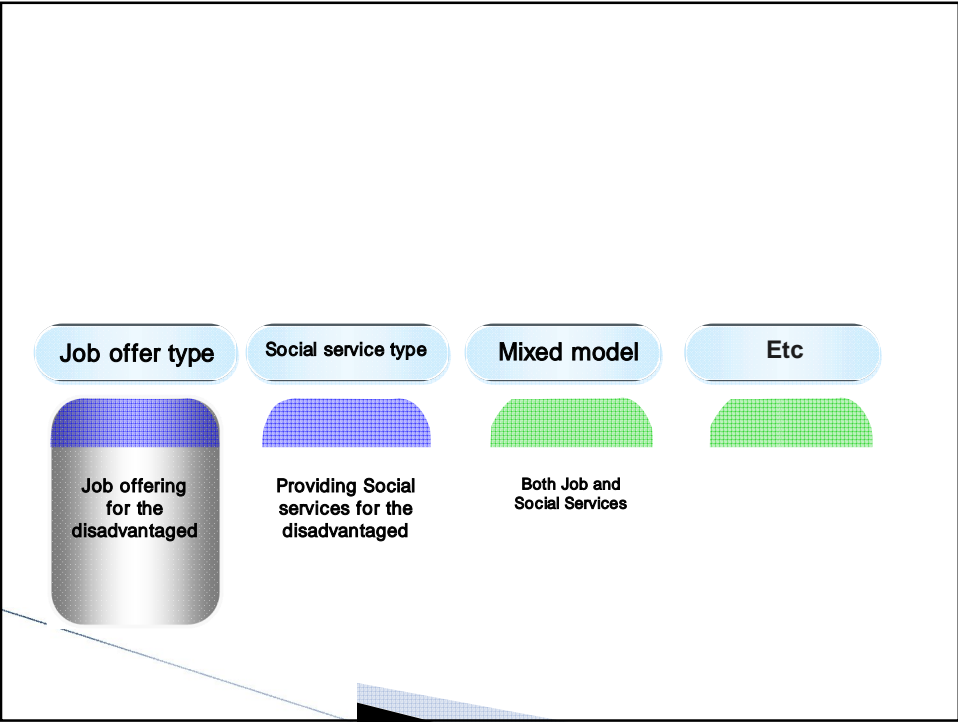
Major Contents(1)

- Accreditation of social enterprise (The law 7th and 8th)

Organization

Public Foundation, association, corporate, nonprofit organizations

- Nonprofit private organization
- Co-op
- Social welfare foundation
- Non-profit organizations
- Else



Major Contents(3)

Decision-making structure – participation of stakeholders

Income through business

– more than 30/100 of total labor expense for 6 months

Bylaws and Rules, etc.

In case of corporate, more than 2/3 of profits for social purpose

< Accreditation Procedure >



Current Situation of Social Enterprise in Korea

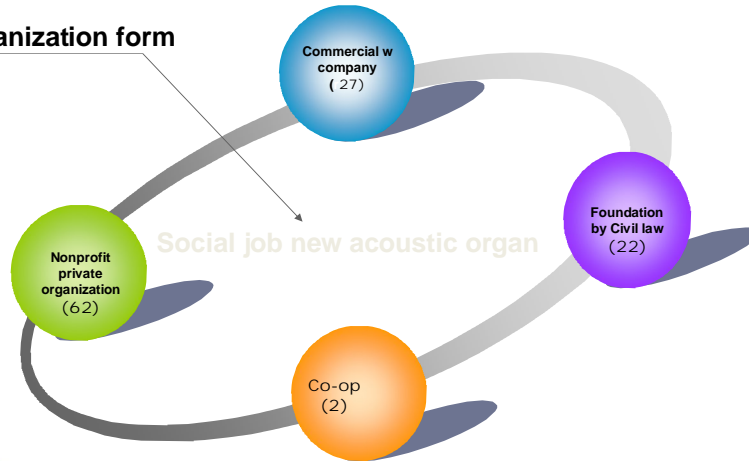
1. Certification application

- 2007 the first social enterprise certification application
- (7.18~9.3) Application in total 113 agencies

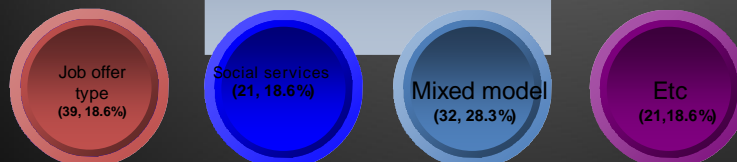
Agency	Seoul	Busan	Daegu	Seoul & In- Cheon	Gwang -ju	Dae- jeon
Total 113	39	8	10	20	17	19

Organizational Forms

Organization form



Social purposes type



Social service areas

► Social services

- Environment 22.1%
- Etc.(Home repair, 24 with manufacturing industry, 22.2 %)
- Social welfare(21, 18.6%)

Education	Health	Social welfare	Environment	Culture	Child care	Art-sightseeing	Forest conservation	Nursing-home-making	Etc
13 (11.5%)	4 (3.5%)	21 (18.6)	25 (22.1%)	1 (0.9%)	3 (2.7)	5 (4.4%)	0 (0.0%)	17 (15.0%)	24 (21.2%)

Social enterprise certification

2007.10 .19 social enterprise upbringing committee considerations last 36 agencies among 113 applications (originally planned about 70)

- Social enterprise's forms
 Civil foundations: 11,
 commercial law company: 11
 social welfare foundations: 4,
 Co-op : 2,
 Nonprofit organization : 7 , Etc : 1

- By social purpose
 12 job offering, 4 social services, 12 mixed model,
 8 etc.

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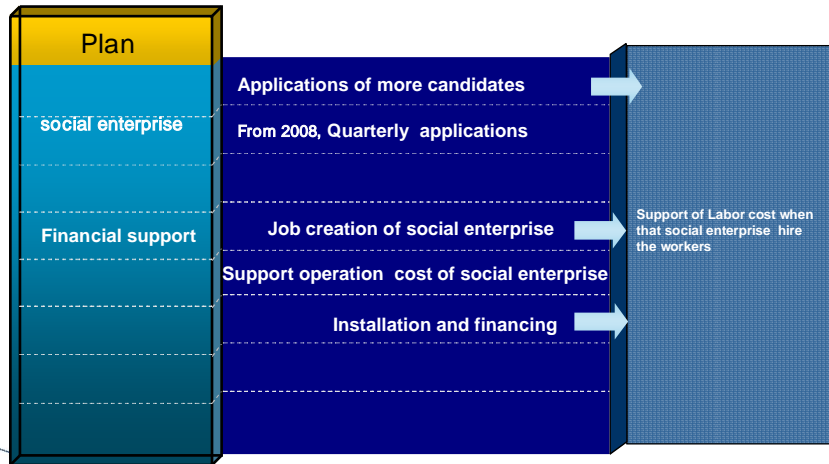
Support System for Social Enterprises in Korea

Supporting Organizations

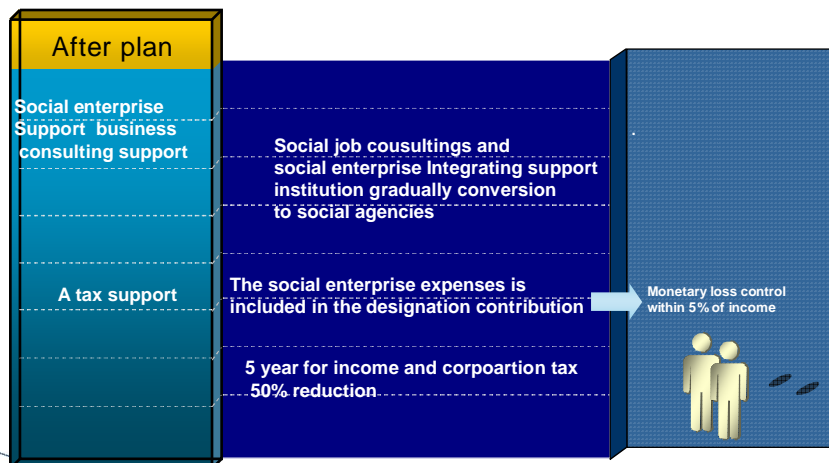
Supporting Agencies recruited

- In 2007, 2 agencies helping for nonprofit organization establishment
- 3 agencies for consulting for management • accounting • labor

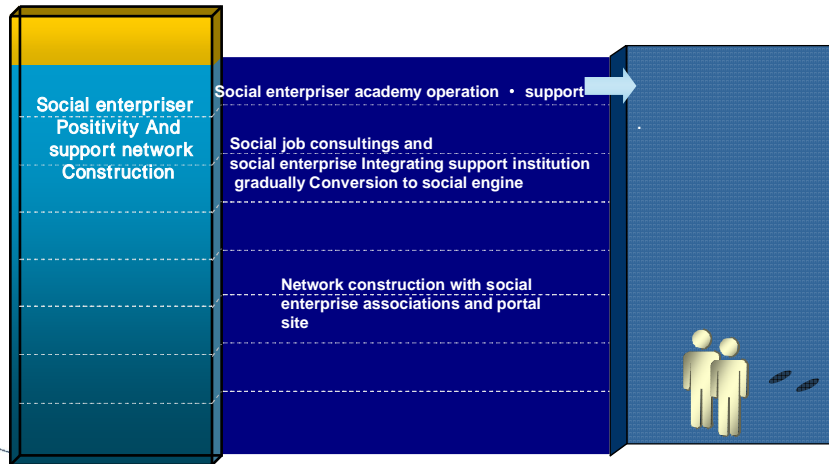
IV. Support about certification social enterprise



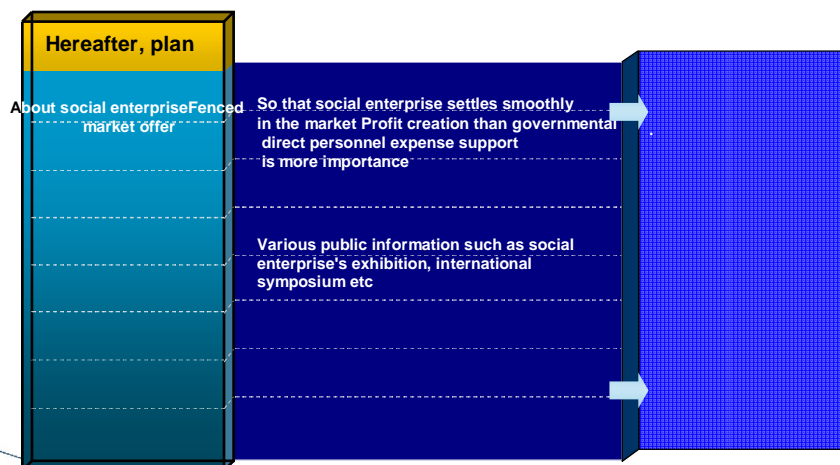
IV. Support about certification social enterprise



IV. Support about certification social enterprise



IV. Support about certification social enterprise





Thank you!