

Asian Journal of  
**HUMAN  
SERVICES**

Printed 2012.0430 ISSN2186-3350

Published by Asian Society of Human Services

*April 2012* **VOL. 2**



**ORIGINAL ARTICLE 3**

**A Study on the Relationship between the Community Organizing Movement and the Emergence of Social Enterprise in Korea  
-Focused on Relationship with Self-Sufficiency Project-**

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**ABSTRACT**

This article is intended to identify the relationship between various community organizing activities and the emergence of social enterprise in Korean society. That is to say, it is the emergence of social enterprise creating employment and supplying various social services in Korean society that is the historical outcome which has been created by community leaders' groups in the process of diverse community organizing activities. Their appearances are not in any sense an accident.

For that reason, it was willing to prove using historical reviews as follows:

Social enterprises in Korea have made their appearance through a historical unfolding process of the third sector movement since 1990 such as workers' collectives, micro-credit movement, self-sufficiency community enterprises, etc. As a result, social enterprise promotion act was finally legislated in 2007 and social enterprises were naturally institutionalized in Korean society.

<Key-words>

community organizing, Self-sufficiency Project, social enterprise

Asian J Human Services, 2012, 2:29-37. © 2012 Asian Society of Human Services

**I . Introduction**

The Aim of this paper identifies the relationship between the emergence of social enterprise in Korea and the various community organizing action in urban redevelopment areas such as people's organizing, workers' cooperative's movement, and

Received  
December 13,2011

Accepted  
February 6,2012

Published  
April 30,2012

Self-sufficiency projects. It is the appearance of social enterprise creating employment and providing various social services in Korean society that is not an accident but a natural outcome or historical product.

In this perspective, the developmental process of social enterprise in Korean society is largely divided into three periods historically as the following: 1) The period of the workers' cooperative movement, 2) The period of Self-Sufficiency Project, and 3) The period of the legislation of Social Enterprise Promotion Act

## **II. The period of the workers' cooperative movement: 1990-1995**

The Self-sufficiency Project had started as a demonstrational project in 1996 and was later established as one of the national institutions, when the National BasicLivelihood Security Act was implemented in 2000.

But the Self-sufficiency Project had already existed as a voluntary activity of civil society in Korea(Lee, Moon-Kuk, 1999). That is, the workers' cooperative movement, a branch of community movements of the urban-poor area, was a paramount example. With the People's Church, which carried out the democratization movement in the urban redevelopment areas in the 1970s and 1980s, the activists initiated the workers' cooperative movement in the 1990s.

The People's Church means "church, whose pivotal tasks are mainly conducting missionary and serving for the people to become empowered" in the urban poor area, known as, 'Daldongnae'(The Korea Center for City and Environment Research, 1996), and "church that organizes, educates, and trains for the poor to solve their own problems by themselves, as well as pursues the solution of the structural problems, instead of simply providing the missionary focusing on charity for the poor"(Op. Cit., p. 264). With the basis of this principle of spirit and action, the people's church greatly contributed to both the democratic improvement and the growth of the activists led workers' cooperative movement in the 1990s.

Furthermore, through the workers' cooperative movement, they tried to elevate the political power of the residents by overcoming economic disadvantages of the poor, and encouraging both enlightenment and organization of the residents, which were the ultimate concerns of the community movement(Shin Myung-Ho, 1999; Lee, Ho, 1994).

Translated and published domestically in 1992, the case of Mondragon cooperative complex was applied as a momentum of the workers' cooperative movement. The leaders of the People's Church linked with various networks, jointly studied and positively embraced this case(Shin, Myung-Ho & Kim, Hong-Il, 2002).

The case of Mondragon cooperative complex enabled the workers to recognize that in capitalism, they were able to enhance productivity without being alienated by the labor itself and the labor process. Based upon this acknowledgment, the leaders of the People's Church led the workers' cooperative movement in the urban redevelopment area heavily

Received  
December 13,2011

Accepted  
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populated with the poor. The fact that the workers' cooperative movement was mainly advanced in the poor area, in which the urban redevelopment project was processed, means that the characteristics of the Self-sufficiency Project prior to institutionalization were strikingly similar to those of the urban cooperative movement(The Korea Center for City and Environment Research, 2003).

The workers' cooperative movement, with a medium of production activity in the metropolitan areas, sought for the formation of the community that exchanges significantly strong bonds and shares more intimate relationships with the residents. It was considered that this such social reformation movement was introduced to implant a new human-centered economic community, which was frequently referred to as the alternative economy or the social economy to Korean society.

The focus of the workers'cooperative movement in the early stage was for the poor to fight against the unstable employment and the complex subcontract structure they confronted; however, it was not able to become an axis of the social economy that equals to the workers' cooperative and the social cooperative in Europe. It remained as a simple level of a group or a joint workshop for the urban working poor. Through acknowledging the case of Mondragon cooperative complex, however, a grand discourse, striving to overcome two major ideologies of capitalism and socialism, was oriented.

The first community organization considered as an original form of the workers' cooperative was the construction workers' group 'Dureh' that was launched in 1990. Dureh, the construction production community composed mainly of irregular construction workers in the local communities, was organized by pastor H, who established the movement for the poor since 1974. In the previous year of 1989, having realized the great difference between the life of a pastor, a well-educated middle class man, and those of the poor, pastor H resigned and began a life of a construction worker(Kim Su-Young, 2006). The reality, however, was far from this rosy prospect. The construction workers' group 'Dureh' confronted serious difficulties in business.

He later analyzed the cause of the crisis as the following(Huh, Byung-Seob, 1994): First, the irregular construction workers lacked both basic qualifications and keen craftsmanship as workers. Second, there were unreasonable demands from the middle-class Housing consumers, desiring to build high-quality houses with low expenses below cost. The construction workers' group 'Dureh', however, did not refuse, but positively accepted the irrational demands requesting the revision on both structure and material. As a result, the more construction orders they received, the worse their financial structure became. Unlimited warranty also contributed to worsening this balance deterioration. His long-term vision and social reformation strategy, through transforming the poor, attracting the middle class to the motive of the movement, and striving to enhance the basic quality of life in Korean society, came to stagger because of these types of realistic adversities.

Eventually, As Mondragon Cooperative Complex became known in 1992, emerging from

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December 13,2011

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the workers' cooperative movement at the level of local meeting, discussions of acceptability and applicability in Korean society passionately started to form in the social movement group for the poor. And diverse experimentations also spread(Kim, Seong-Oh & Kim, Kyu-Tae, 1993).

Despite these expansions, however, the realization of the grand discourse of structuring the alternative economy order was not easy in Korean society. Comparing to the sincerity and strong, challenging motivations of those who joined the workers' cooperative movement that tried to positively transform society, realistic conditions were very feeble(Kim, Su-Young, 2006).

First, technology, management skills, and leadership of all participants were insufficient. Second, the industrial choices were limited to house renovation, sewing, and simple processing jobs, because the cooperative was composed mainly of the poor. Likewise, there were embedded limitations of the managerial growth, due to mostly concentrating on the deteriorating industries. Third, there were limitations in the capacity of mobilizing human and financial resources because the cooperative was organized primarily by the poor and the ministers. In the end, although introduced as an alternative movement for capitalism, the cooperative paradoxically confronted the contradictions that required skilled technicians, competent managers controlling entire organizations, and capitalists with the capability of mobilizing finance.

However, what was confirmed through reviewing the early diverse workers' cooperative movements was that it was to recreate sustainable prospect and continually practice it at the workplace, adhering to the movement principles that tried to solve the difficulties according to the communal method, and production of many healthy-minded residential leaders who became the guiding light for society, despite the failure of their businesses.

Of course, the practical content at the site has substantially been poor; however, it is obvious that the workers'cooperative movement is consequently a compass of the Self-sufficiency Project and the appearance of social enterprise. First of all, it plays a role of a light house, enabling the Self-sufficiency Project to arrive at the planned goal.

### III. The Period of Self-Sufficiency Project

#### 1) The stage of demonstration project: 1996-1999

It was mentioned in section 2 that the Korean Self-sufficiency Project commenced from the workers' cooperatives or production communities of activists for the poor-urban regions(Lee, Moon-Kuk, 1998). These communities were in turn centered around the People' Church who had executed the democratization movement in urban redevelopment areas in 1970 through 1980. The movement of the Peoples' Church during the 1970' and 1980' to organize residents was reborn throughout the 1990' as workers' cooperative movement of the poor areas. Amidst this, the efforts to escape poverty through these production communities were introduced to the media throughout 1993

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Accepted  
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and 1994, attracting the interest of academic circles.

The Kim Young-Sam regime, which suggested the task of improving the country's inadequate welfare of the previous dictatorship period, also ought to acquire ideas for government policies from these workers' cooperative movements. The workers' cooperative movement group was beginning to become conscious of certain limitations to their anti-poverty activities through mere self-systematization, and actively welcomed the attention of the government and academic circles(Kim, Sung-Oh, 2000).Academics and experts who participated in the National Welfare Program Committee arranged by the Kim Young-Sam regime came to interact with the workers'cooperative movement camp in the process of their antipoverty research. They received suggestions from these activists and reflected them in the Self-sufficiency policies for the poor, conjuring a productive and preventative welfare system that integrated into it the workers' cooperative model. A closer look at its content reveals that a fair portion of the policies demanded by the workers'cooperative movement group has been accepted.

The early Self-sufficiency Centers in the stage of demonstrational project before institutionalization, which had previously been suffering from poor work environments and lack of experience, came to have a turning point of becoming vitalized, thanks to the introduction of the special public work program in 1998. This program was meaningful in terms of acting not only as a practice process for the preparation of the workers' cooperative, but also as a useful job resource in the non-profit sector of local communities(Kim, Sung-Oh, 2001).

This attempt was a significant starting point which later led to social jobs and social enterprise. The Self-sufficiency Centers were able to prepare for their development into production communities through this special public work program. It provided an opportunity to create useful jobs not only in the competitive market (the 2nd sector) but also in new areas (the 3rd sector) and unearthed various business items. This program developed into the Self-sufficiency Project and Self-sufficiency community enterprise after its institutionalization.

## 2) The stage of institutionalization of the self-sufficiency project: 2000-2006

Institutionalization of the Self-sufficiency Project in 2000 gives a significance to the characteristics of the Korean version of the Welfare-to-Work Program(Kim, Su-Hyun, 2000). Like America, although the Self-sufficiency Project imposed a condition of work requirements to the able bodied workers, who were recipients of the National Basic Livelihood Security Act, it strengthened positive labor market policy and included the key components of social economy. As reviewed before, the Demonstrational Self-sufficiency Project did not initially have the characteristics of the Welfare-to-Work Program. Institutionalization of the Self-sufficiency Project, however, was obviously pursuing the Welfare-to-Work Program and crucially influenced the transformation of the existing Self-sufficiency Project.

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Although the Self-sufficiency Project was introduced based on the workers' cooperative model in poor-urban area, the project was not actively operated from the beginning. The fields dealt with at first were mainly labor intensive industries such as sewing, cleaning, constructing, recycling, and nursing. Because of the weakness in education, age, work experience, and finances of those subject to the project, it was difficult to improve their abilities and launch them into the competitive market within a short period of time.

Even with an insufficient and unstructured system, the centers established Korea Association of Self-sufficiency Promotion Center and formed a cooperative structure (the Self-sufficiency community enterprise) by encouraging exchange. It also created and disseminated a new method of occupation(the 'social job'). As a result, the stabilized material basis for the emergence of social enterprise was established. The significances of the Self-sufficiency Project in the emergence of social economy unit such as social enterprise in Korea are as follows(Kim, Jung-Won, 2009):

First, the Self-sufficiency community enterprise is not different from the social enterprise. Since the Social Enterprise Promotion Act was legislated in 2007, it seems that the Social Enterprise Promotion Act promoted the Self-sufficiency Project to the next step. In some aspect, it is true. However, the Self-sufficiency community enterprise in the early stage of institutionalization of the Self-sufficiency Project was already a form of the social enterprise. For instance, in 2004, there was one attempt of changing the name of the Self-sufficiency community enterprise to either social enterprise or the Self-sufficiency enterprise.

Second, the Self-sufficiency Project was an employment-oriented program, which was local-based. This means that the Self-sufficiency Project already practiced operational methods which were based on both the labor-integrated social enterprises and social service-based social enterprises, by providing employment for the unemployed poor groups and various social services for the disadvantaged local communities.

Third, from the beginning, the Self-sufficiency Project was considering to establish either the micro-credit or the credit union. As mentioned, the individual savings for self-support had the trait of the micro-credit, or the asset-based policy, and it also tried to found a separate finance organization, such as the credit union with the basis of the individual savings for self-support. However, in the early stage of institutionalization, the business size was not big enough to organize a separate financial entity. As a result, it came to integrate as an establishment of the micro-credit. During the process of the programs based on the Self-sufficiency Project, especially in all sorts of businesses related with the Local Self-sufficiency Center, potential characteristics of the social economy and social enterprise were explicitly exposed. In other words, in the middle of contemplating the identity of the Self-sufficiency Project, the Local Self-sufficiency Centers strengthened the orientation of the social economy, as well as the social enterprises.

As a matter of fact, a number of social enterprises were developed from the

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December 13,2011

Accepted  
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Self-sufficiency community enterprises. This means that the Self-sufficiency Project played a significant role in expanding the social enterprise. Furthermore, it has recently strived to consolidate concerns of the social economy in various fields beyond the social enterprises.

#### **IV. The Period of Legislation of Social Enterprise Promotion Act: 2007-present**

Social enterprise in Korea is based on the Social Enterprise Promotion Act which has been implemented since 2007. However, as reviewed before, history of social enterprise was derived from the Self-sufficiency Projects(Kim, Jung-Won, 2009).

The Local Self-sufficiency Centers tried not only to exercise the spirits of the social enterprise through operating the Self-sufficiency community enterprise, but also constitute conferences or seminars in local communities in order to create favorable environment for the social enterprises.

From the beginning, the Korea Association of Self-sufficiency Promotion Center, strongly expressed the intentions of organizing and supporting the social enterprise, by naming its affiliated Self-sufficiency Information Center as the 'Social Enterprise Development Agency'. The Social Enterprise Development Agency constantly made the social enterprises known and addressed their significance. The Korea Association of Self-sufficiency promotion Center raised a concern for institutionalization of the social enterprise, particularly being involved with the government's trial that started from 2005, and also published various workbooks and case study reports. In 2008, the center translated 'The Third Sector in Europe' which analyzed the social economy of Europe', and published it with the title of 'New Welfare of the Globalization Era'(Social Enterprise Development Center, 2008).

Endeavors of the Korea Association of Self-sufficiency Promotion Center itself, as well as Self-sufficiency Information Center were considerable. In 2005, the Korea Association of Self-sufficiency Promotion Center actively participated in the systematic reactions of the civil society group related with the social enterprise. In 2006, it also suggested that the Ministry of Health and Welfare ratify the related law of the social enterprise. Prior to the implementation of the Social Enterprise Promotion Act, the Korea Association of Self-sufficiency Promotion Center performed field education programs for the social enterprise model.

After all, 61 out of 251 social enterprises certified by the government as of September, 2009, are based on the Self-sufficiency Project. Social enterprise should conduct activities containing social values, and its procedure of organization and operation should be societal. Both the Self-sufficiency Centers and the Korea Association of Self-sufficiency Promotion Center expressed social enterprise in Korea, led the practice for its direct institutionalization, and constituted the model cases. Therefore, the significance of social enterprise based on the Self-sufficiency Project is substantial.

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## V. Conclusion

To summarize the Self-sufficiency Project in the stage of institutionalization, it can be said as a series of processes that the Self-sufficiency Project started from innocent motivation aiming at the workers' cooperative movement or the community organizing movement, and returned to the social economy movement focusing on social enterprise, experiencing its quantitative expansion and stagnation.

Another perspective to be addressed is that the Self-sufficiency Project was able to diversely experience, thanks to the contact with the welfare system, namely, the relationship with the Welfare-to-Work Program. The Self-sufficiency Project in the past, at least the Self-sufficiency Project prior to the stage of the demonstrational program, had been developed without special relationships with the welfare system; however, in reality, most of the working poor would need aid through the welfare program.

Considering this, the Self-sufficiency Project in the stage of institutionalization was able to produce a strategic judgment as to how the two issues of experimentations of community-based social enterprise movement and reformation of the welfare program can be integrated.

And finally, social enterprise was ironically legislated by The Ministry of Labor in 2007 and institutionalized in Korean society(Kim, Jung-Won, 2009). Furthermore, the Korea Association of Self-sufficiency Promotion Center has played a very important role for the legislation of 'The Cooperatives' Basic Act(2012)' in Korean Society.

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