

## **Diversity of Social Enterprise Models in South Korea**

Paper submitted to *Voluntas: International Journal of Voluntary and Nonprofit Organizations*,  
2017.

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### **Abstract**

In this paper, we analyse the emergence and development of social enterprise in South Korea. Our purpose is to show how different broad, consensual and successive conceptions of social enterprise – the so-called “meta-models” – have generated a dynamic and complex environment which includes a variety of models of social enterprise. Based on multiple data sources, including interviews, documents, statistics, and field-research, we illustrate the diversity of Korean social enterprise models by using the EMES ideal-type as a conceptual framework that leads us to analyze the social, economic and governance dimensions of each type of social enterprise. This research suggests that the social enterprise phenomenon should not be limited to its expressed contents or to an excessively strict legal or economic definition.

It eventually contributes to advancing our understanding on social enterprise by showing that the definitions and concepts of social enterprise can be diverse across different social, economic and political contexts. For this reason, building a universal typology that can embrace social enterprises in different national contexts is by far a challenging task.

**Key words:** Social enterprise, South Korea, typology, cooperatives, self-sufficiency.

## **Introduction**

The emergence of social enterprise and its development is a complex phenomenon that embraces a variety of similar concepts across different contexts. Within the flourishing literature dealing with social enterprise worldwide, several empirical and practical contributions have tried to define the appropriate criteria to build a typology which captures the variety and specificities of social enterprise.

Most of these contributions essentially focus on how a social enterprise articulates its economic and social goals. Dees (1996) is among the first authors to introduce a decisive conceptual contribution according to such perspective. More specifically, Dees (1996) defines a spectrum of social enterprises between two pure opposed figures – the commercial and the philanthropic one. According to him, social enterprises are hybrid organisations which mix a set of commercial and philanthropic characteristics of businesses in a specific way. In a similar vein, Fowler (2000) focuses more specifically on the articulation between earned income and social benefits in social entrepreneurship in an analysis that is mostly inspired by NGOs in the field of development studies. According to the level of intertwining between social benefits and economic activity, Fowler (2000) suggests to distinguish between three types of social enterprise: integrated, re-interpretation and complementary. More recently, Alter (2004; 2007) emphasizes the pursuit of a social mission as a core characteristic of social enterprises. In her typology of social enterprise, she identified three main cases: “mission-centric”, “mission-related” and “mission-unrelated” based on how the social mission is embedded in the business model of social enterprises.

In the early 2000s, Borzaga and Defourny (2003) proposed a somehow different view

with what they call the “EMES ideal-type model.” Their main aim is to identify a Weberian ideal-type for social enterprise, to be able to compare each single real model of social enterprise and assess its distance from the ideal-type. The EMES approach has inspired several comparative works in European countries (for example: Spear and Bidet 2005; Nyssens 2006; Defourny and Nyssens 2008; 2010). Interestingly, the EMES approach introduces a new complementary dimension of social enterprises, besides the usual economic and social dimensions. This is known as the governance dimension which reflects the collective nature of a social enterprise and its capacity to associate the main stakeholders and set up participative governance models. Whereas the previously mentioned contributions were mostly based on the North American context, the EMES approach is strongly inspired by the experiences of social cooperatives in Europe and it takes into account the fact that the social enterprise is embedded in, or at least influenced by, the European concept of social economy. Given that this model is deeply influenced by the geographic or organizational context, one of the main questions which these contributions face is whether – or how far – they may be transposed to other contexts.

In more recent works, Kerlin (2010; 2013) developed what can be called a global macro-institutional approach of social enterprise that attempts to capture the social origins of social enterprises in a national context, leading to the identification of different national types which reflect a dominant model of social enterprise in a specific national context. Compared to previous works, she enlarged the comparative perspective to potentially embrace national contexts worldwide. Drawing on theories of historical institutionalism (Moore 1966; Skocpol 1979) and social origins (Salamon et Anheier 1998), her study relies on national-level empirical data and country descriptions of social enterprises to construct a typology of national models or conceptions of social enterprise which can be found internationally. Kerlin (2012; 2013) used the analysis of conceptual definitions, historical facts, legal framework, welfare state, and

supporting institutions surrounding social enterprises in a national context in order to identify a dominant conception of social enterprise that she considers to be specific to this context.

More recently, Defourny and Nyssens (2017) developed four major social enterprise models by identifying institutional trajectories. In their paper, a theoretical framework has been developed based on combination of mutual, general and capital interests, and resource mixes of social enterprises (Defourny and Nyssens 2017). In order to draw the theoretical framework, Defourny and Nyssens (2017) emphasizes the huge diversity of social enterprise and its organisational form. Our paper is in line with the work of Defourny and Nyssens (2017) in terms of being aware of social enterprise diversity and the needs of categorizing social enterprise in various contexts.

## **Research perspective**

Although our paper does not correspond precisely to any of the predetermined typologies which have been introduced previously, our research perspective is deeply influenced by these different frameworks. It is also inspired by the idea stressed by Muñoz (2010) and Peattie and Morley (2008) that research on social enterprise should embrace diverse geographical scopes. In this paper, we aim to draw attention to various definitions and approaches which are adopted in various manners in different time and places by demonstrating the diversity of social enterprise models using the Korean cases. Therefore, we argue that our analysis, which has been developed on the basis of the Korean context, can contribute to explain the specificities and diversities of social enterprise models not only in the Korean but also in the international contexts.

Our approach was inspired by the framework proposed for the international ICSEM project that aims “to compare social enterprise models and their respective institutionalisation processes across the world” (ICSEM 2012). In order to meet the goal of this project, we assumed that a national dominant conception of social enterprise generates a complex reality made up of diverse concrete realisations that share common features but also present each their own specificities. According to such a perspective, we distinguish between “meta-models of social enterprise”, which represent a national dominant conception of social enterprise with a strong structuring power and an ability to satisfy and inspire different perspectives, and “single models of social enterprise”, as the main concrete realisations which are inspired by this dominant view. Our analysis explores how a national dominant conception – a so-called “meta-model” in this research – of social enterprise generates different single concrete types of social enterprise and how both meta and single models evolve under the influence of social, political, economic forces.

Although a meta-model represents a consensual view, which is strong enough to generate a specific national legal framework, we found that in the Korean context such consensus is unstable and constantly re-discussed. As an expression of consensus, the meta-model may reflect a compromise and be exposed to tensions, distortion and isomorphism. As a matter of fact, stakeholders, especially the government, governmental agencies or corporate, may attempt to deflect some initial features depending on their own interests until they eventually do not meet the fundamental requirements of some stakeholders that took part to the consensus anymore. To sum-up, a meta-model has the capacity to inspire different related institutional schemes but it can also generate controversial views and a variety of initiatives and tensions that eventually contribute to the emergence of a new consensual view. This dynamic process

surrounding the social enterprise phenomenon is likely to represent one of the factors that contributed to the generation of a large range of single models of social enterprise in the Korean context, including initiatives that may not be spontaneously recognised as part of this phenomenon.

On the basis of the previous considerations, we identified three national conceptions or meta-models of social enterprise which have been successively used in the Korean context and generated specific important supportive legal frameworks: i) the **self-sufficiency conception or meta-model** expressed in the pioneer integration schemes that found a legal expression in the 1999 National Basic Livelihood Security Act, ii) the **SEPA conception or meta-model** designed by the Social Enterprise Promotion Act (SEPA) enacted in 2006 that inspired then other public schemes like the “Community Business Scheme” (2010), the “Rural Community Enterprise Scheme” (2010) and several so-called “pre-certification” schemes aiming at driving initiatives towards the SEPA certification, and iii) the **social economy conception or meta-model** that has gained a growing legitimacy after the introduction of the 2012 Framework Act on Cooperatives. Through these different schemes Korean authorities decided to vigorously support social enterprises that they consider as a potential efficient means to address both the unemployment and social services provisions issues. Among these three meta-models of social enterprise, the SEPA (Ministry of Employment and Labour 2006) strongly influenced the emergence of social enterprise as the name “social enterprise” firstly appeared in a legal framework. The government considered the certification system of social enterprise which approves the use of name “social enterprise” for an organisation which meets certain criteria given by the SEPA is an effective way of providing work opportunities and social services to the vulnerable people.

Based upon abundant empirical materials on social enterprise gathered through interviews and field research for several consecutive years<sup>1</sup> and on an analysis of the main data and documents dealing with social enterprises, such as legal texts, academic literature and media reporting, we then distinguished between several single models of social enterprise that we first categorized into three main groups according to their trajectory of institutionalization as defined by the ICSEM project as “the main institutions (at large) shaping the profile of social enterprises”, i.e. here their level of institutionalization and proximity to public policies as shown in Table 1. We are aware that there may be supplementary cases, like social enterprises related to big business groups, but we could not gather sufficient material to justify another model and argue that this panorama well reflects the complexity and the reality of social enterprise in Korea.

**Table 1: Single Models of Korean Social Enterprises**

Category	Model	Type
Public Policy-	Initiatives for employment of the elderly	1

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<sup>1</sup> More than 40 interviews were conducted between 2012 and 2015 in several cities: Seoul, Chuncheon, Wonju, Gwangju and Cheonan. In Seoul, they included supporting organisations like the Seoul Social Economy Center, the Korea Foundation for Social Investment, the Social Enterprise Promotion Agency, the Work Together Foundation, the City of Seoul, the Cooperative Research Center, the Sungmisan Community, the Hansalim Research Center, the Consumers Cooperative National Federation, the Korea Microcredit Joyful Union, the Social Solidarity Bank, Ashoka Korea, and Beautiful Store. In other cities, they included umbrella or public organisations (like Local Social Economy/Social Enterprise Networks or Centers) and specific local social enterprises in various areas, such as work integration, handicap, migrants, eco-environment, local food, housing, etc. Each interview lasted 1 to 2 hours and followed or was inspired by the four main sets of questions of the ICSEM questionnaire: General identity of the surveyed organization (history, legal form, composition of workforce); Type of production and mission (definition of the social aim, main services provided, characteristics of targeted group(s)); Governance and ownership structure (autonomy, decision-making process, voting rights distribution); Financial data (main revenues and their evolution, public supports, financial results, profit allocation, importance of non monetary resources). In some cases, interviews also included supplementary questions about the interviewee’s future view for his/her organisation.



<b>driven Models</b>	Community business	2
	Community enterprise in rural area	3
<b>Reinterpreted Existing Models</b>	Social enterprises for the disabled	4
	Medical cooperatives	5
	Self-sufficiency initiatives for socially disadvantaged people	6
<b>Emerging Models</b>	Social ventures for the youth	7
	Social innovation and ethical model	8

### **Description of each single model of social enterprise**

**The first group**, the so-called “**public policy driven models**”, includes the models that have been driven by public policies which are explicitly related to and target the social enterprise concept. Each model in this category is designed by public policies aimed at dealing with unmet needs of society, such as an increasing aging population, the lack of local development opportunities as well as increasing unemployment rates. Public policies focused on the employment of the elderly or on local and rural development were introduced under the strong influences of the social enterprise phenomenon. More specifically, three models of social enterprise can relate to this category: **Initiatives for the employment of the elderly** (Type 1), **Community businesses** (Type 2) and **Community enterprises in rural area** (Type 3).

**Initiatives for the employment of the elderly** belong to the numerous programs inspired by the idea of work integration social enterprise for the elderly over age 55 (Ministry

of Employment and Labour 2016). Employment of the elderly is a crucial issue in Korea where the coverage and the benefits provided by the pension system remain very limited. As a consequence almost half of citizens aged over 65, i.e. the highest level among the 34 OECD countries, are officially considered in poverty (defined as earning 50% or less of median household income). The “Business Run in Senior Clubs” and the “Market-type Work Project Teams for the Elderly” are the two major examples of social enterprises providing jobs for elderly. The so-called “Business Run in Senior Clubs” refer to independent enterprises partly supported by senior clubs, i.e. public agencies mandated to welfare foundations or associations; the latter, instead, are work project teams directly managed by senior clubs or by other community welfare centres in order to set up an independent business. Workers who are usually elderly people are paid according to the outcomes of their economic activities although the amount is very small. Economic activities carried out by these models can fail and eventually be liquidated, but the participants usually do not bear such a high level of risk, as their activities are supported by funds from public subsidies. Although these models are designed by public policies, they operate independently vis-à-vis public authorities in the framework of pre-designed programs that these organisations should, however, respect. These models usually stress a democratic and participatory governance structure but there are many cases which do not have any official governance structure at all. According to their status, decision-making power is not based on capital ownership.

**Community businesses** are related to the public scheme managed by the Ministry of Security and Public Administration and local/regional authorities. According to this scheme, the title of “community business” can be granted to various kinds of moral entities, such as private enterprises, non-profit corporations, cooperatives and agricultural corporations. These are created by local people to carry out economic activities which mobilise mainly local resources in order to promote local development and to provide jobs and income to local people.

Given these considerations, community businesses can be defined as a social enterprise model based on the participation of local people to promote local development. Job creation is one of the main aims stressed in public schemes and although it is not compulsory, almost every community business organisation employs paid workers. After being certified as a community business, these initiatives can receive public subsidies for two years along with various other kinds of non-material support.

**Community enterprises in rural area:** Inspired by the 2006 SEPA, the Ministry of Agriculture, Food and Rural Affairs introduced in 2010 the scheme of “Community enterprise in rural areas”. This public scheme emphasises the “voluntary participation of local people”. In practice, many initiatives are developed based on a joint project between initiators with an entrepreneurial competence who left the urban life to come to live in rural areas and traditional networks of village people. The “Community enterprise in rural areas” scheme does not include specific requirements regarding profit distribution and the organisation of the decision-making process. These aspects depend on the legal status of each structure, as the title can be granted to various forms of organisations, such as private enterprises, agricultural corporations, non-profit associations and cooperatives. In principle, these organisations are autonomous with regard to public authorities or to other private enterprises.

**The second group,** the so-called “**reinterpreted existing models**”, is composed of those models which already existed before the emergence of the concept of social enterprise and have been gradually reinterpreted in light of this new concept. Some of these have been introduced in relation to public schemes supporting specific disadvantaged groups. It is interesting to note that these models have their own relatively consolidated communities, including related initiatives and support schemes. Although initially they were not explicitly inspired by or related to the concept of social enterprise, these models eventually contributed

to the emergence of specific forms of social enterprise and to the reinforcement of the social enterprise phenomenon. Here also, we have identified three different models: **Social enterprises for the disabled** (Type 4), **Medical cooperatives** (Type 5) and **Self-sufficiency initiatives for socially disadvantaged people** (Type 6).

Several public policies and schemes for the disabled have been developed in relation to the 1981 Welfare Law for Persons with Disabilities. The one that may be the most closely related to the social enterprise model is given by “**vocational rehabilitation facilities**” (type 4a) and “**standard workshops**” (type 4b). **Vocational rehabilitation facilities** are managed by non-profit organisations which are in turn regulated by the Ministry of Health and Welfare. They are welfare foundations or associations which sell items produced by the disabled. Their members of staff include social workers paid by welfare foundations financed by public authorities and disabled workers who are paid according to the outcomes of their economic activities. However, because of the low productivity of the participants who usually present serious degrees of disability, they do not have an obligation to respect the legal minimum wage and they often offer only a small amount of revenues. Although their sustainability depends on the results of their economic activities, they often belong to welfare foundations or associations that are financed by subsidies and donations. **Standard Workshops (4b)** are private enterprises certified by the Ministry of Employment and Labour. These refer to enterprises which employ more than ten disabled people, representing more than 30% of employees. When a workshop is certified by the Ministry of Employment and Labour, such enterprise can receive public subsidies. Just as an ordinary enterprise, a standard workshop has to respect legal obligations, such as minimum wage. As conventional enterprises, they also have full autonomy in relation to public authorities and are controlled by their shareholders. In the case of “Subsidiary type standard enterprises” which are owned by a parent enterprise, they are strongly controlled by this parent enterprise which is usually a big company.

**Medical cooperatives:** Historically, medical cooperatives have been initiated and promoted since the mid-1990s by various local social movements. They are cooperatives which provide medical and social services to local people. Medical cooperatives were firstly institutionalised as a specific sort of consumer cooperative according to the 1998 Law on Consumer Cooperatives. Since the enactment of the 2012 Framework Act on Cooperatives, medical cooperatives have endeavoured to transform themselves into social cooperatives as defined by this law. They have to meet strict conditions regarding their creation, profit distribution and governance. As a social cooperative, a medical cooperative is a non-profit organisation that must present at least one of three main social aims defined by the 2012 Framework Act on Cooperatives: local development, provision of services to the disadvantaged and provision of a work place to the disadvantaged. Medical cooperatives also have to organise their governance according to their multi-stakeholder membership. Medical cooperatives are often presented as a typical example of the social enterprise model based upon the cooperative form. As such, they have acted as a bridge between social enterprises and consumer cooperatives, which were then external to the social enterprise phenomenon.

**Self-sufficiency initiatives for socially disadvantaged people:** Some social enterprise initiatives have been developed in relation to specific categories of socially disadvantaged people. Although there is no common legal or public scheme for these initiatives, we decided to gather them into the same model because they share a set of similar features, as initiatives developed around existing public schemes aimed at supporting specific kinds of disadvantaged social groups. Because it is difficult to identify all these categories of disadvantaged people in an exhaustive way, in this work, we describe them with relatively well known cases in the Korean context: i) homeless people, ii) North Korean migrants and iii) sex trafficking victims.

**Self-sufficiency initiatives for homeless people:** Homelessness became a societal issue in the late 1990s, consequent of the financial crisis. In order to address this problem, a series of public

policies were introduced during the 1998-2000 period. Whereas the first measures focused on providing emergency shelters, follow-up measures emphasised work integration of homeless people. “Self-sufficiency Programs for Homeless People” was one of those measures which was carried out by local associations and welfare centres. With the institutionalisation of self-sufficiency programs through the National Basic Livelihood Security (NBLs) System in 2000, many local associations and welfare centres became local self-sufficiency support centres, and many self-sufficiency initiatives for homeless people merged into self-sufficiency programs in the NBLs. **Self-sufficiency initiatives for sex trafficking victims:** Since the introduction of the Act on the Prevention of Prostitution and Protection of Victims in 2004 and of the “Self-sufficiency Support Policy for Sex Trafficking Victims” by the Ministry of Gender Equality and Family, a more coherent support scheme has been established with regard to these issues. In this scheme, after a series of interventions such as the provision of shelter, psychological and physical treatment, vocational training and job searching, there are also self-sufficiency initiatives which represent the final stage for the integration of victims into the society. In the SEPA, sex trafficking victims are officially recognised as one of the listed disadvantaged groups. Each self-sufficiency centre is managing several workshops, such as cafés, restaurants, and handicraft workshops. Because these initiatives are often directly organised and supported by support organisations, they are managed like non-profit organisations. The participation of disadvantaged people themselves is encouraged and the governance structure of support organisation includes various parties to encourage the mobilisation of local resources. **Self-sufficiency initiatives for North Korean migrants:** Since 2004, the number of North Korean migrants who entered South Korea has increased drastically to beyond 2,000 people a year between 2006 and 2011. In total, there are 30,805 North Korean migrants in South Korea in June 2017 (Ministry of Unification 2017). In spite of this situation, public policies to support North Korean migrants through the social enterprise model had not been taken into account

that much until 2010. It was in 2010 with the amendment of the Act on Protection and Settlement Support of Residents Escaping from North Korea, that the North Korean Migrants Foundation was established and that it began to manage the “Social Enterprise Support Program for North Korean Migrants”, a preliminary certification scheme under the competence of the Ministry of Unification. This program recognises not only social enterprises employing North Korean migrants, but also social enterprises providing social services to North Korean migrants. Self-sufficiency initiatives for North Korean migrants can be identified through the preliminary certification scheme and certification scheme in the SEPA. They carried out various activities, such as manufacturing, recycling, culture and building maintenance services. Self-sufficiency initiatives for North Korean migrants are close to conventional enterprises. Most of these initiatives are launched by NGOs, foundations, small entrepreneurs or conglomerates related to North Korean migrants themselves. The participatory dimension will depend on their legal status but it is likely not to be very different from conventional enterprises. As conventional enterprises, it also can be said that these have a high degree of autonomy.

**The third group** refers to “**emerging models**”. These are models which do not have proper institutional settings in existing schemes yet, but they try to explore an original and innovative path, instead. They may be related to public schemes or to specific private initiatives. Interestingly, the weakly institutionalised character of these models often allows for more innovative approaches towards the social enterprise concept. Therefore, although there are not so many in quantitative terms, they mean a lot for the social enterprise phenomenon. Logically it is more difficult to clearly identify the features of the emerging models. Nonetheless, some categorisations are frequently used to define and even promote these models. Although social enterprise models in this category do not have any formal frameworks and they do not necessarily claim themselves as a form of social enterprise, we consider such experiences as

part of our typology on the basis of the knowledge on foreign experiences and of reasonable inference. Two models have been identified in this category: **Social ventures for the youth** (Type 7) and **Social innovation and ethical models** (Type 8).

**Social ventures for the youth:** The term “social venture” for the youth first appeared when the “Social Enterprise Network (SEN) Korea” organised the first social venture competition for university students in 2006. After that, the Ministry of Employment and Labour (MoEL) organised a social venture competition with the SEN in 2009. Since 2009, the government started to promote young social entrepreneurs and social ventures in order to address the criticism that the SEPA does not include the innovative characteristics of social enterprise. Social ventures are based upon a continuous production. However, there are very limited numbers of social ventures for the youth that are making continuous profit from economic activities. They can employ workers if they make enough profit but they are not allowed to use public funding for employment, as in the case of certified social enterprises. The social aims of social ventures for the youth are relatively diverse in comparison to other types of social enterprise. Although they are voluntarily created by a group of people and governed by them in the framework of the project, their activities are monitored by and reported to intermediary support agencies. For this reason, their degree of autonomy can be said to be relatively weak. Their participatory nature and ability to distribute their benefits depend on the legal form that they choose: corporation, limited company, non-profit, cooperative etc. However, most of them are not legally registered organisations during year one of the project because at that moment they are mostly at the seed stage, seeking opportunities to begin operations. The social venture model is not highlighted in the debate on the social economy. However, it should be noted that, together with the social enterprise model related to social innovation and to ethical/ecological concepts outside existing schemes, the social venture model has contributed to the rising awareness on the social enterprise concept, particularly



among young people.

**Social innovation and ethical models:** This model has emerged due to the limitation of the SEPA and of other related policies that support only those businesses which meet the criteria of certified social enterprises, but do not consider social entrepreneurs according to their ability to realise social changes. As social innovation and ethical models of social enterprise are not belong to the criteria of the certification system, any organizations which aims to achieve its social, ethical, or ecological values are included. These models refer to a large range of initiatives launched by various groups or by individual people mainly in order to realise their social, ethical or ecological values. As an exemplary case, “People’s Houses” which is strongly related to the left-wing political movement, developed activities such as cafés, libraries, cultural activities and permanent education programs. These initiatives are often detected and related to the social enterprise phenomenon through private social entrepreneur support programs, such as the Ashoka Fellowship, the Beautiful Fellowship or other social investment programs. For example, the Beautiful Fellowship, established in 2002 by the People’s Solidarity for Participatory Democracy, one of the major civil rights movement organisations in Korea, supports “Social Innovation Entrepreneurs” who aim at solving social problems in the field of environment, human rights, education, culture, and community with innovative social ideas. The Ashoka Fellowship that started in South Korea after the establishment of its Korean branch in 2012, supports social entrepreneurs who present the five characteristics of a new idea to change society, creativity, entrepreneurship, social impact of business idea, and ethics. Their social aims are not only to create more jobs or to deliver social services, but also to change people’s perceptions and society into one with better, more ethical or more ecological ways. Their limits regarding profit distribution will depend on their legal form. However, it is clear that this model is one of the most value-oriented models, so that economic activities and the results are subordinated to social goals. Most of these enterprises

are launched by individuals, but they often rely upon support organisations such as the Beautiful Fellowship or Ashoka Fellowship, which are non-profit organisations. Nonetheless, they have a high degree of autonomy because, unlike other forms of social enterprise, they usually do not receive any financial support from the government. Their participatory nature depends on the governance structure that they choose. Nevertheless, they can be at least said to have a participatory culture.

### **Methodological approach**

We then adopted the EMES approach as a reference framework in order to characterize those different types and more precisely to show how they differ from each other in their operational features. The aim of the EMES approach is to provide a set of criteria that enable the identification of every single model of social enterprise in the conceptual galaxy of a variety of types of social enterprises. Instead of reducing the diversity of the phenomenon according to a predetermined typology, the EMES approach allows us to understand and define individual organizations or specific models of social enterprise. As mentioned in the introduction, according to the EMES approach, a social enterprise can be identified by referring to three different dimensions: economic and entrepreneurial dimension, social dimension, and participatory governance dimension. Each dimension is evaluated by three indicators, as explained by Defourny and Nyssens (2012).

The economic dimension is, in turn, reflected in three indicators: **a continuous economic activity, some paid work, and an economic risk**. First, a social enterprise is directly

involved in the production of goods or in the provision of services on a continuous basis (continuous economic activity). Second, social enterprise activities have to employ a minimum level of paid workers (some paid work). Third, the viability of a social enterprises depends on the efforts of their members and workers to secure adequate resources (economic risk).

The social dimension is also composed of three indicators: **an explicit social aim, a limited profit distribution, and a citizens' initiative**. First, social enterprises aim to serve the community or a specific group of people (explicit social aim). Second, the primacy of the social aim is reflected in a constraint on the distribution of profits (limited profit distribution). Lastly, a social enterprise is the result of a collective dynamic involving people belonging to a community (citizens' initiative).

The governance dimension is also given by three indicators: **high degree of autonomy, participatory nature, and non-capital based decision power**. First, a social enterprise is created by a group of people on the basis of an autonomous project and these then govern the social enterprise (high degree of autonomy). Second, a social enterprise stresses participative management involving various stakeholders (participatory nature). Lastly, a social enterprise follows a decision-making process in which voting power is not distributed according to capital share (non-capital based decision power).

According to this framework, we attributed a score on a scale from 1 to 5 for the nine indicators of the three dimensions of the EMES social enterprise model. The lowest score 1 was given when an indicator of social enterprise does not fit the EMES criteria and the highest score 5 was given for the best fit. More specifically, we gave score 5 when a social enterprise operates under a legal status with a specific rule that fits well with the indicator, or when the

legal status of a social enterprise does not provide any specific rule that can be related to the indicator but is flexible enough to allow different operating modes. When the structures of a social enterprise usually operate according to the indicator, we gave score 4. Score 3 was given for social enterprise models which are not very dominant or significant, but operate in the field in various ways. Score 2 was given when there is a tendency to generally operate in a way that is far from what is stressed by the indicator. Lastly, we gave score 1 when the legal status of a social enterprise includes rules that do not fit the indicator at all. The proximity of each social enterprise model to the EMES ideal-type is illustrated by using radar graphs for representation purposes (see Annex 1). The advantage of this approach is to allow the analysis to start from the phenomenon itself and to construct appropriate typologies which reflect contextual specificities, while maintaining a generally accepted concept of social enterprise.

## **Discussion**

The scores given in our analysis to each type of social enterprise cannot serve to set up an unquestionable ranking between different types. We focus more on presenting the main dominant characters of each type of social enterprise and its proximity to the EMES ideal-type as a general framework for social enterprise.

### **Insert here Table 2**

Our scoring shows that there may be very different positionings to the EMES ideal-type according to each model. [here]

According to our scoring method, a total value of 45 for all 9 criteria represents a perfect matching with the EMES ideal-type. The respective scores for the different identified models of social enterprise range from 44 to 26, with most of them (8 out of 10) showing a score between 30 and 39, therefore filling the ideal-type for at least the two tiers. At each end of the spectrum, two cases appear to have very particular characteristics: the medical cooperatives (44) which are discussed in greater detail below and the social ventures for the youth (26). The social ventures for the youth, especially, reveal a very weak economic dimension due to their lack of maturity, their informal status and their exploratory character by nature.

For each single dimension, if a cumulated score of 10 or below (out of 15) is considered to be an indicator of a relatively large distance from the EMES ideal-type, only one model (social ventures for the youth) combines a large distance for all three dimensions and only one model (social enterprises for the disabled-standard workshops) has a large distance on two dimensions (governance and social dimensions). Other types present only one dimension below 10 or even all dimensions above 10 (medical cooperatives, social enterprises for the disabled-vocational rehabilitation facilities and self-sufficiency initiatives for socially disadvantaged people-homeless and sex victims). Looking at each three indicators of a single dimension allows us to stress the fact that the social aim indicator shows the highest scores, whereas the lowest scores are registered for participative governance, decision-making process and limited profit distribution. This is likely to signal the presence of a conception of social enterprise which is more inspired by the American view, which does not stress these two points, as much as the European EMES view does (see our review in the introduction).

Based on empirical evidence, we initially categorized the 8 identified single models of social enterprise into three main groups according to their trajectory of institutionalization. While comparing these models to the EMES ideal-type, we introduced sub-models for certain

cases and eventually found out that the single models could be organized into several groups according to their proximity to the EMES ideal-type: 1) a small group that has **a close correspondence with all three dimensions of the EMES ideal-type**, i.e. a score above 10 for each dimension in our scoring method (medical cooperatives, self-sufficiency initiatives for socially disadvantaged people-homeless and sex victims); 2) a larger group that offers **a good correspondence distance with two dimensions among three** (community enterprise in rural area, community business, employment of elderly, self-sufficiency initiatives for socially disadvantaged people - North Korean migrants, social enterprises for the disabled-vocational rehabilitation facilities); two single groups (one case in each) for social enterprises presenting: 3) **a large distance on two dimensions among three** (social enterprises for the disabled-standard workshops) or 4) **a large distance for all three dimensions** (social ventures for the youth).

It is interesting to note that the governance dimension shows the lowest correspondence with the EMES ideal-type, which raises therefore the question as to whether this framework should be reconsidered or redesigned for other contexts like the Korean context, and more broadly the Asian context. Here, autonomy towards public authority seems to be a more crucial issue than participative governance, even though multi-stakeholding and resources-mix may indeed be an efficient answer to issues of state control.

Among the different types of social enterprise, medical cooperatives (type 5) appear to be the one that is the closest to the EMES ideal-type for all three dimensions (economic, social, and governance). The similarities between medical cooperatives and the EMES ideal-type certainly reflect the fact that the cooperative model is also a core reference in the building of the EMES ideal-type. In Korea, medical cooperatives existed before the installation of public social enterprise schemes, such as the Social Enterprise Promotion Act (SEPA). However, the

establishment of the 2006 SEPA and 2012 Framework Act on Cooperatives allowed medical cooperatives to smoothly enter those schemes as a type of social enterprise.

Also self-sufficiency initiatives for socially disadvantaged people, which represent the second and third scores (types 4a and 4b), rely initially upon public schemes that are not inspired by the model or by the concept of social enterprise. They then have been enrolled in the public policies targeting social enterprises as they actually present many similarities with the social enterprise model. Finally the closest single models to the EMES ideal-type are not always categorised as public policy driven models. In other words, the dominant conception of social enterprise provided by Korean public policies may not be the one that stresses the EMES ideal-type the most perfectly.

This finding raises another question regarding how far a concept of social enterprise developed in a specific context may be universal and how this concept and its related analytical framework – here the EMES ideal-type – help us to understand the various types of social enterprises which have emerged in another very different context. The EMES ideal-type is strongly embedded in the European context, where the social economy concept acts as a strong reference in several countries. In the EMES ideal-type the meanings given to democratic governance, autonomy from the public sector, citizens' initiatives are specifically constructed and interpreted in the context of the Western model of democracy. It is quite natural therefore that the medical cooperative type fits the best with the EMES ideal-type, because it was based on the social movement involvement and inspired by the cooperative model, as it was stimulated by the Western model of democracy.

Together these results provide important insights into building a general typology of social enterprises organised in a few main categories which can be in turn divided into several sub-categories representing the different types of social enterprise in the Korean context. We are aware, nevertheless, that in applying the EMES ideal-type, we may miss some specificities of the Korean context. It is important to stress that the operational criteria to analyse certain indicators, such as explicit social aim, citizens' initiatives, high degree of autonomy and participatory nature are not always easy to find.

For instance, when the decision making in “a business run in senior clubs” depends more on the senior club and its staff, instead of the elderly people themselves, how can we appreciate the degree of autonomy? One might think that it is not autonomous because it is practically managed by the senior club staff but one might insist also that it is autonomous because the senior club itself is a non-profit organisation that is legally independent from the public authorities and that the business is part of the programs in the senior club. But we could also stress that it is eventually under the control of the public authorities because the senior club is mainly financed by public subsidies and strongly regulated by public policies. These kinds of considerations leave room in such cases for interpretation.

## **Conclusion**

Based on this research, we claim that the Korean experience of social enterprise can contribute to the research area of social enterprise typology. The Korean case shows the existence of diverse combinations and tensions between bottom-up initiatives, which emerged from civil society, and top-down approaches from public authorities, while both were promoting



their own motives and values when building the concept of social enterprise. For example, in the Korean context, the governance dimension of social enterprise is relatively weak compared to the EMES ideal-type social enterprises. Instead, the influence of public authorities is rather powerful. Furthermore, medical cooperatives are not only existing organisational form of social enterprise in Korea, although they are well matched to the EMES ideal-type social enterprises. In another word, Korean social enterprises are rather diverse in economic, social and governance dimensions, and it is almost impossible to draw a unified definition as Defourny and Nyssens (2017) mentioned.

In sum, this research suggests that the social enterprise phenomenon should not be limited to its expressed contents or to an excessively strict legal or economic definition. Instead, we emphasize that the social enterprise phenomenon should also be related to the motives and values which contributed to shaping it, given that an identified content is only a temporally valid outcome of a dynamic that is still in process. In other words, we claim that the definitions and concepts of social enterprise can be diverse across different social, economic and political contexts. Because of this diversity of social enterprise concepts across different contexts, building a universal typology that can embrace social enterprises in different national contexts is a challenging task.

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**Table 2. Typology of Single Models of Korean Social Enterprises according to the 3 dimensions of the EMES ideal-type**

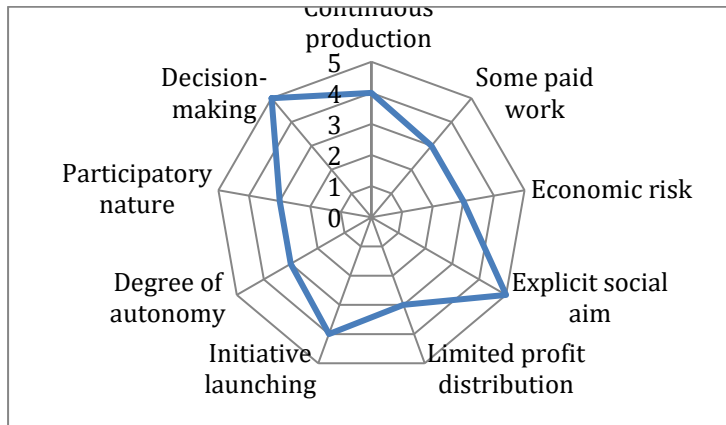
Category	Model	Type	Economic dimension			Social dimension			Governance dimension			Total
			Continuous Production	Some Paid Work	Economic Risk	Explicit Social Aim	Limited Profit Distribution	Initiative Launching	Degree of Autonomy	Participatory Nature	Decision Making	
<b>Public Policy-driven Models</b>	Employment of elderly	1	4	3	3	5	3	4	3	3	5	33
	Community business	2	4	4	5	5	3	3	3	4	3	34
	Community enterprise in rural area	3	4	5	5	5	3	3	3	3	3	34
<b>Reinterpreted Models</b>	Social enterprises for the disabled	4a	4	3	3	5	5	5	4	4	3	36
		4b	4	4	5	4	3	2	4	1	3	31
	Medical cooperatives	5	5	5	5	4	5	5	5	5	5	44
	Self-sufficiency initiatives	6a	5	5	3	5	5	4	4	4	3	38

		6b	5	5	5	5	3	4	5	2	2	36
<b>Emerging Models</b>	Social ventures for the youth	7	2	2	2	4	3	3	2	3	5	26
	Social innovation and ethical model	8	4	4	4	3	3	4	5	3	5	35

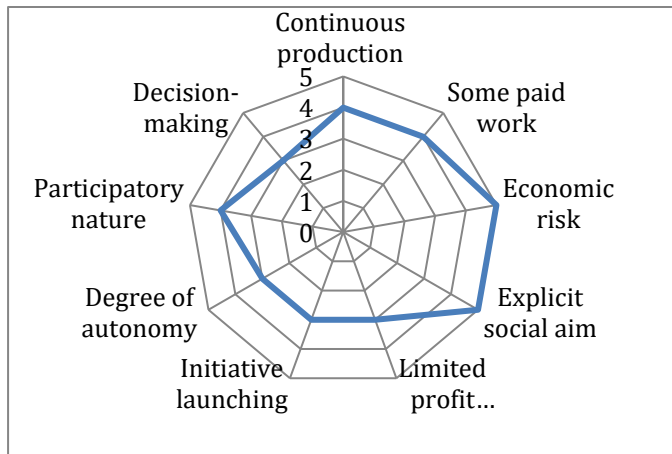


**Annex 1: Korean social enterprises: Radar presentation**

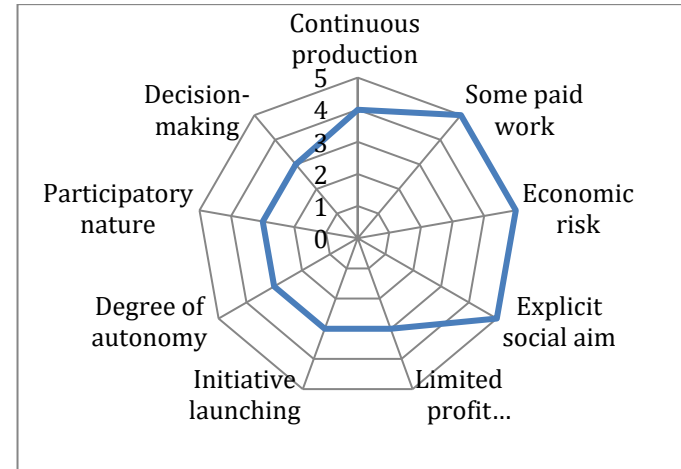
**Radar 1: Initiatives for employment of the elderly (total score = 33)**



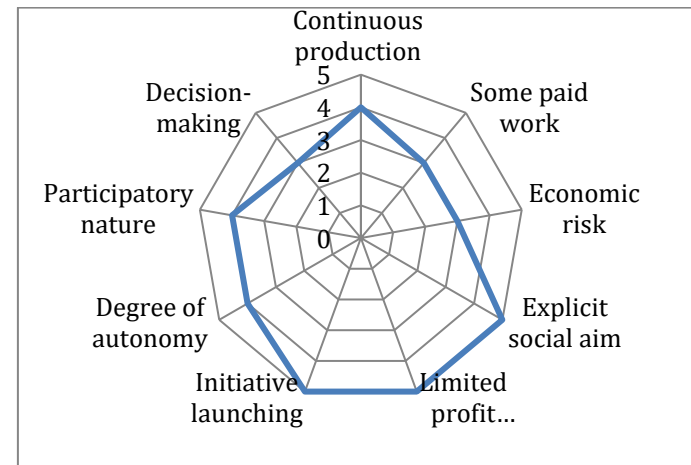
**Radar 2: Community business (total score = 34)**



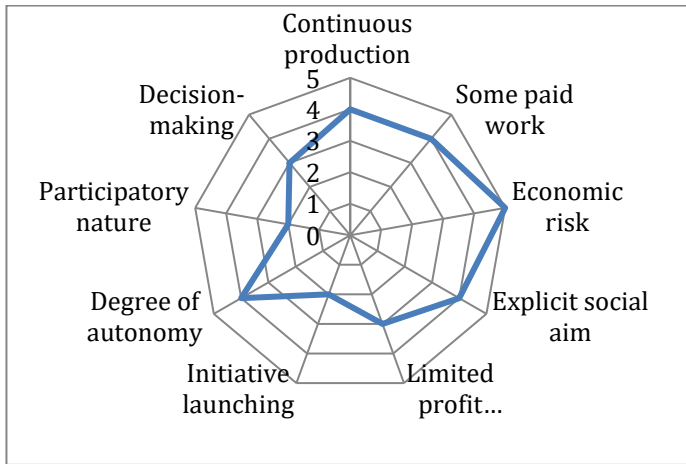
**Radar 3: Community enterprise in rural areas (total score = 34)**



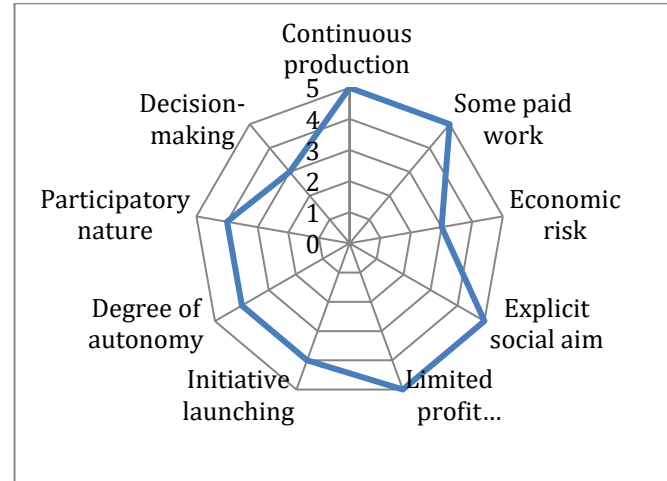
**Radar 4a: Vocational rehabilitation facilities (total score = 36)**



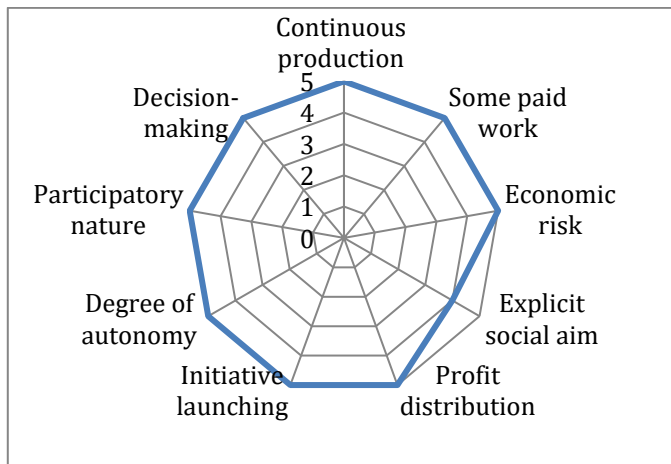
**Radar 4b: Standard workshops (total score = 31)**



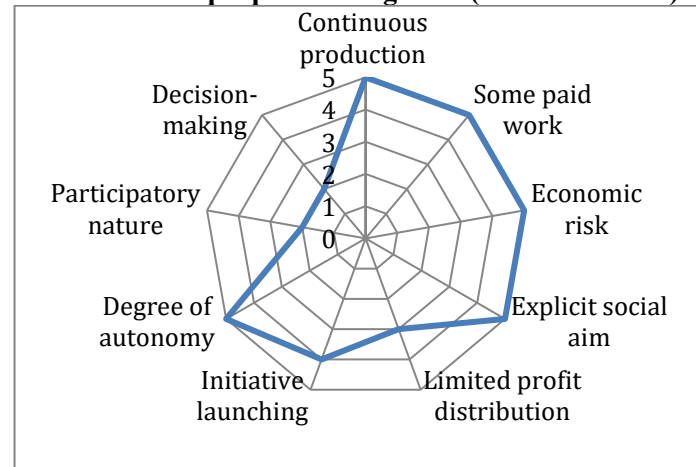
**Radar 6a: Self-sufficiency initiatives for socially disadvantaged people- Homeless, sex victims (total score = 38)**



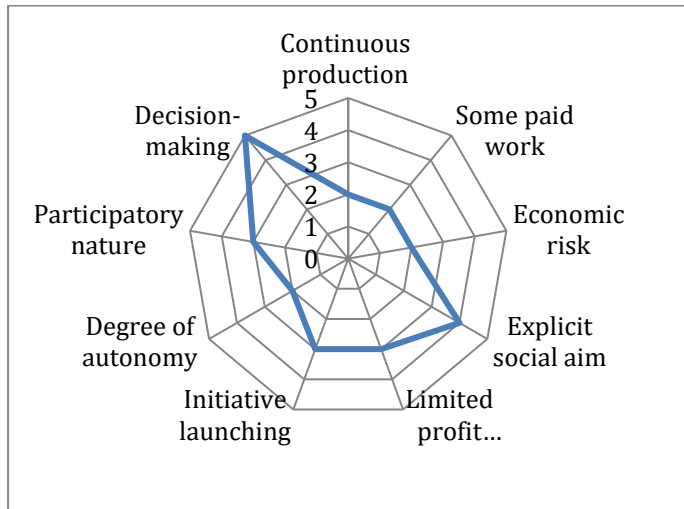
**Radar 5: Medical cooperatives (total score = 44)**



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



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



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

