

Does Social Enterprise Stand for Persons with Disabilities? - The Rise of Social Enterprises and Work Integration of Persons with Disabilities in Korea

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ABSTRACT

Since the 1990s, at least in western industrialized countries, there has been a remarkable growth in the third sector or so-called social economy. In social economy, unlike market or private economy, public utility comes first than market competition and profit-maximizing. Following this path, a new kind of organization which pursues both managerial profit and social purpose, broadly called “social enterprise” has emerged (Defourney,2001). Even putting aside their different origins between Europe and the United States, most social enterprises show two main functions: first, providing proper social services, and second, integrating the socially excluded into the labor market (OECD,1999). In Asia, after the economic crisis in late 1990s, the transformation toward ‘productive welfare’ or ‘workfare’ became tangible (Torfin,2000). Achieving considerable productivity has been highlighted as much as offering decent jobs and social services. Some Asian nations began to initiate social enterprise. In 2005, Korea, one of the leading countries of welfare in Asia, passed a bill(or Social Enterprise Support Law, SESL) designed to certify and support social enterprises. However, in the case of Korea, social enterprises were introduced mainly by the government (Lim et al,2007; Moon,2006). Policy makers believed social enterprises to be the deus ex machine from every problem caused by prior welfare institutions. Specifically, it came right after the ‘self-support program’(1999~) and ‘social workplace act’(2003~) which began to insist how much having a job is important for the socially excluded. This state-led initiative distinguishes Korean social enterprises not only from European ones that emerged as an adaptation to the retrenchment of welfare states, but also from U.S. non-profit organizations which underlines revenue generation for the economically weak (Kim,2008).

Due to the lack of both valid data and reliable criteria on measurement, cross-national studies of PWDs in Asia have faced substantial difficulties. This makes it almost impossible to compare the employment status and welfare programs of PWDs in Asia. However, a few preceding studies show the disability rate of Asian countries are relatively lower than Western nations where mainly report more than 10% of their population. However, this may have caused by the inconsistent and more conservative definition of physical or mental disability of Asian nations. Furthermore, the PWD employment rate differs substantially from other types of welfare index such as spending on housing, health, unemployment, etc (Gough,2005). This indicates that in-depth researches on PWD-related policy are required for further welfare regime study or typology in Asia. When we vet the case of Korea, it seems that PWDs are being excluded in the labor market in dual ways. First, their chance of getting a job is more restricted than other social weak groups. For example, their labor force participation rate (44.4% in 2005) is lower than women’s (50.2% in 2008). More serious is that there is no

large scale support program which could maintain their jobs in the long term. This differs from government procurement programs for so-called women-business or small fry enterprises. Affirmative action plan is also being more women-centered. Furthermore, Low wage and precarious position in the market make the working PWDs to become the working poor (Majid,2002). Second, the insufficient jobs allotted to PWDs are being unevenly distributed. Official reports show the more one has physical/mental disability, the lesser probability for one to get a job. Also, it seems that new jobs are almost only for persons with the 'lightest' disabilities. This implies the necessities for PWD-centered policy, especially which is related with their work integration into the labor market. There were and are several programs supporting PWD work integration. However, some were too state-led and finally incurred heavy financial burden. Others depended too much on private firms' free will, which led corporate managers to pay the surcharge instead of hiring PWDs.

Under these circumstances, social enterprise was introduced to make up for those weak points. However, among eighty-four social enterprises certified by the government so far, only a few represent the work integration of PWDs. There are some good models for PWDs, but most enterprises do not state clearly of their target group. This unintentionally allocates jobs to one who has higher productivity and capacity to work, which are not PWDs in many cases. Korea's Social Enterprise Support Law (SESL) sets four target groups which are the unemployed, the aged, sexual abuse victims, and persons with disabilities as the 'social weak'. However, it seems that persons with disabilities (PWD) are relatively excluded in social enterprise policy. Even the insufficient jobs made by social enterprises are going to relatively less disabled persons. There may be several reasons, but we suggest two main problems. First, for the government, revenue generation outweighed work integration, and second, even PWD-related associations or institutions seem to rely on private firms which are fulfilling their social responsibility or state-led direct support which already showed substantial limitations. They might have recognized that social enterprise is the next paradigm in the welfare policy, but currently they are almost excluded and excluding themselves at the same time in this rising sphere.

In this study, we question if social enterprise can be a remedy for work integration of persons with disabilities. This will be specified into four stages. First, we will trace back the change of PWD-related programs and other important welfare policies. Second, we will figure out how the social enterprise was introduced and its support law was initiated. Especially, the policy competition between the Ministry of Labor and Ministry of Health and Welfare will be highlighted, because it made considerable changes about what social enterprises are and how they ought to be managed (Roh,2007). Third, we will perform an in-depth research on several Korean social enterprises which represent work integration of PWDs. Those places will be compared with typical programs and policies of other nations such as China, Japan, Germany, and the United States. Finally, we consider whether social enterprises are viable despite their endogenous structural problems, and evaluate how much they are, and can be PWD-centered. By these procedures, we expect to find out how social enterprise can be adapted successfully in Asian context. We believe that Korea, the first Asian country to officially initiate social enterprise, can be a valuable precedent under the situation that social enterprises are

being considered as the most attractive alternative to prior welfare programs and policies. We are also looking forward to showing that even among the social weak, there is a power dynamic and competition for better position, which may unintentionally exclude persons with disabilities from getting decent jobs. At last, we try to propose what a PWD-centered social enterprise is, and how we can maximize the synergy between them and other PWD-related policies. If further cross-national studies are followed, it will be much beneficial in modeling an Asian PWD-centered social enterprise.