Paths of Social and Solidarity Economy for social inclusion and empowerment

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May 2019

Draft paper prepared in response to the UNTFSSE Call for Papers 2018

Implementing the Sustainable Development Goals: What Role for Social and Solidarity Economy?

Presented at UNTFSSE International Conference in Geneva, 25-26 June 2019
Abstract

Social and Solidarity Economy (SSE) is known for pursuing the people-centered prosperity. Through an analysis on SSE practices of South Korea, this paper aims to elaborate the potential of SSE to achieve decent work, social inclusion and social empowerment, which are related to SDGs 1, 5, 8, 10, and 17.

The economic downturn and consequent negative social impacts, including issues of unemployment and work decency, has driven the development of SSE in South Korea. Work integration has been one of the important pillars of SSE in the country since its initial stage. The findings show that SSE can provide jobs for those who were excluded from labour market, increase job stability by changing contract and ownership structure; provide better work conditions and education and training to workers for the self-actualization as social beings. SSE practices for women, people with disability, and North Korean refugees show that SSE has integrated the vulnerable social groups by providing them with better jobs. Organizational transformation and partnership build-up have enabled social empowerment of workers.

Although SSE practices in South Korea face constraints and limits in creating social changes, the paper argues that SSE has potentials as ongoing endeavors for an inclusive and equitable society.

Keywords

Decent Work, Work Integration, Social Inclusion, Social Empowerment, South Korea

Bio

Garam Lee is a Ph.D. candidate of the department of sociology, Yonsei University, Republic of Korea. She is preparing a dissertation on the in-the-making process of social economy in Korea.
Introduction and Objectives

Social and solidarity economy (SSE) has drawn practical and scholarly attentions as a significant player to provide alternatives to current social and economic problems and attain sustainable social and economic development. SSE’s value-orientation which prioritizes human (social objectives) to capital (profit maximization) in economic activities especially resonates to the motto of SDGs, “Leave No One Behind” (UNRISD 2018).

This paper aims to study the role of SSE in protecting the people who were left behind in the current capitalist system. Evident cases of how SSE has contributed to the realization of SDGs in national and local context will help to understand the potentials of SSE in realizing SDGs, especially people-oriented prosperity and the limits to overcome. [Figure 1] illustrates the analytical frame of the research. This paper focuses on decent work, social inclusion and social empowerment, which are closely related to the SDGs 1, 5, 8, 10, and 17 among various SDG agenda.

Through the analysis of SSE practices in South Korea and their role for SDGs, this paper aims to show three points:

a. the trajectory of SSE practices in South Korea is closely related to the social needs for decent work for all,

b. SSE practices for achieving decent work have contributed to the social inclusion of the marginalized social groups from the conventional labour market and social empowerment or workers, and

c. the principles of SSE, namely cooperation, solidarity, value-orientation, and democratic governance, enhance SSE’s contribution.

Figure 1. Analytical Frame of the paper

For the analysis, this paper made use of multi-sited ethnography (Marcus, 1995; Falzon, 2009) based on case studies on various SSE practices. The rapid expansion of SSE in South Korea has led to the rise of simultaneous SSE activities (Bidet, Eum, Ryu, 2018). This study examines exemplary SSE practices in achieving decent work to find opportunities and challenges of SSE for SDGs. The data were collected through field study, informant interview, and archival researches. The qualitative approach has strength in understanding reality unseen by numbers. The approach has more advantage for this paper as case studies may bring inductive insights on
the research topic given that adequate statistical data on the general landscape of SSE is lacked. Korean government started to conduct nationwide statistical surveys very recently at the ministry level. Korean Ministry of Employment and Labour (MOEL) which oversees Certified Social Enterprises (CSEs), conducted a national survey on the CSEs in 2017. Surveys on Cooperatives were conducted by the Ministry of Strategy and Finance (MOSF) in 2015 and 2017. Results of the two national statistical data supplement the findings in describing a broad social context.

The paper is structured as follows: the research objectives, analytical frame, and research methods are introduced in the introduction. The first part briefly describes the rise of “Social Economy (SE)” and related social context in South Korea. Description of the local context shows that decent work was one of the main issues which SE in Korean context strived to address. The second part discusses how SSE has contributed to the social inclusion and social empowerment using selected cases. The third part focuses on the constraints and challenges faced by Social Economy Organizations (SEOs) in evoking social changes. The lessons and arguments based on the findings were summed up in the concluding remarks.

The rise of “Social Economy” in South Korea

Social and Solidarity Economy is “a concept that refers to enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which specifically produce goods, services, and knowledge while pursuing economic and social aims and fostering solidarity” (ILO, 2011). The term “social economy (SE)” is more widely used in South Korea to refer to SSE practices. SEOs provide production and exchange of goods and services with explicit social and/or environmental objectives. Cooperation, solidarity, ethics and democratic self-management are guiding principles of SSE (UNTFSSSE, 2014).

As a group of reciprocal economic organizations with democratic governance pursuing social values, SEOs have strived to address social issues and realize values such as humanism, cooperation, and solidarity in the sphere of economic activities. SE started to gain social attention since the 2000s. The term “social enterprise” was first discussed in Korean society at the International Forum on Social Enterprise Development in 2000 as international discourses and experiences were introduced by civil society groups for solving social problems of unemployment and poverty (Kim, 2016; Bidet, Eum, 2011). Having the two legislative grounds, namely Social Enterprise Promotion Act in 2006 and Framework Act on Cooperatives in 2011 as milestones, social economy sector has institutionalized and grown drastically in the last decades both quantitatively and qualitatively. Currently, the SSE ecosystem in South Korea consists of various SEOs including social enterprises, various types of cooperatives, community businesses, self-sufficiency enterprises, and social ventures; social finance institutions including impact investment companies and credit unions; and supporting organizations.

Social Context of South Korea and Needs for the Decent Work

The UN Economic and Social Council has defined “Decent work” as employment that “respects the fundamental rights of the human person as well as the rights of workers in terms of conditions of work safety and remuneration” and “respect for the physical and mental integrity of the worker in the exercise of his/her employment” grounded on the International Covenant on Economic, Social and Cultural Rights (ICESCR) Article 7. Decent work can be identified based on five components: job opportunity, job accessibility, job stability, work conditions, and education and training for workers’ self-actualization as social beings.
Social economy in South Korea has grown with concerns for decent work. The state-driven economic development prioritized large company conglomerates known as Chaebol. The system exposed various problems in terms of decent work. Social rights of workers have been infringed in many ways. Male-dominant mainstream labour market left behind some social groups including female workers, the disabled people, and migrants without citizenship, who are of this paper’s focus. Those groups were deprived of job opportunities and job accessibilities.

As in 2018, male economic participation rate marked 73.7% of the total male population in Korea while the economic participation rate of females was only 52.9%. The rate of career interrupted women due to marriage, childbirth and nurturing, or family care was estimated as 20.5% in 2018. Exclusion and inequality of women in the labour market are also evident in the wage gap (women earn 64.7% of male wage as of 2017) and occupational segregation. The inequality as exclusion is also intersectional. Low-class women or migrant women get more disadvantages in the labour market. The economic participation rate of disabled people in 2018 was 37.0%. Even among the people with light disabilities, only 43.9% could participate in economic activities. Minority groups at the edge of citizenship are easy to face risks of social exclusion. NK refugees are a unique minority group in South Korea, emerged within the political context of the two Koreas. The number of immigrants with NK background is estimated to 32,147 as of September 2018. Women take 71% of the group. The economic participation rate of NK refugees tends to be lower and the unemployment rate is higher than those of average South Korean residents. Although the South Korean government supports employment and occupational training for the self-sufficiency of NK refugees, differences in the industry structure and technology cause lack of job accessibility (Chang 2015).

Korea has been struck by foreign exchange crisis in Asia in 1997. Consequent changes in social and labour policies led to massive layoff and unemployment. Work condition got worse with shrunken job stability and eased layoffs. The structural changes in the labour market bore needs for social protection, which were unmet. Various groups from credit delinquents and retirees got excluded and the youth failed to enter the labour market. The number of credit delinquents increased since the early 2000s along with the rapid financialization. As credit became an entrance barrier related to employment, the credit delinquents who became “the poor in the changed capitalism” (Seo, 2014) faced difficulties in job accessibility or job stability. The position of workers inside the labour market was also insecure. The retirement of the post-war “baby boom” generation raised the issues of senior jobs. Many senior jobs are unsustainable, low-paid and short-term contract based. It is also problematic that the retirees cannot utilize the knowledge and experiences they have cumulated in their previous career. Youth unemployment rate in 2018 marked 9.9%, which was doubled up from the overall unemployment rate of 3.8%.

Impact of SSE on Social Inclusion and Social Empowerment

As SSE utilizes business activity for achieving social goals, it is directly related to job/work issues. SSE’s efforts to make work decent consequently had impacts on social inclusion and social empowerment. The ways by which SSE practices have achieved “the decent work for all” can be understood in the two dimensions: decent job creation and workplace reform through organizational transformation into cooperatives. Decent job creation addresses job deprivation and low job accessibility, especially for the people who were marginalized in the conventional labour market. Workplace reform is related to job stability, work condition improvement, and education and training opportunities for workers’ self-actualization. The process of achieving
social inclusion and social empowerment through decent work also includes partnership build-up. SSE actors create sectoral networks and engage in partnership governances within workplaces or in the society.

Social Inclusion for the vulnerable groups

Social inclusion means “the process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society” (World Bank, 2013: 4). Social inclusion of the disadvantaged people through components of decent work can be attained in two dimensions: work integration by job creation and employment, and social capability training for the enhanced social integration. Work integration was one of the important pillars of SSE in South Korea because SSE development in the country was closely related to the economic downturn and consequent negative social impacts. Since the initial stage of SSE development, integration of the “vulnerable” population into society by offering them better jobs and social service provision was taken as the primary role of SEOs.

Interest and efforts of SE on job provision are evident in statistical data. In the 2017 National Survey on Social Enterprises, the top three social missions of social enterprises were job creation, improvement of work condition and income (36.9%), self-help of the vulnerable group (31.7%), and social service provision for the vulnerable group (14.2%) (KLI 2018). Among 1,289 responding CSEs, 92.6% reported that they provided jobs for the vulnerable social groups.

It is estimated that more than 10,000 cooperatives have been established since the enactment of the Framework Act on Cooperatives in 2012\(^1\). Cooperatives also contribute to the job creation as new economic organizations. [Figure 2] and [Figure 3] show the result of the national survey on Cooperatives in 2017. The result shows that women, the elderly, and youth actively engaged in cooperative activities. Female employment outnumbered that of male workers. The number of workers increased in the two years in all age groups in [Figure 3]. Employment of the aged people increased by 318% (MOSF & KIHASA 2017).

\(^1\) It is often estimated that about 50% of the established cooperatives are inactive.
Individual cases show the efforts of SEOs to integrate the marginalized group through work more vividly. SEOs targeting women, disabled people, and NK refugees have improved job accessibilities of the groups as well as provided social protection, better work condition, on-the-job education and training programs.

SSE practices for Women
SSE jobs have integrated women of vulnerability such as career interrupted women, care workers, and marriage migrants, into society through work. Consumer Cooperative (Saenghyeop) Movement since the late 1990s has attracted many housewives and career interrupted women in the sphere of social activities as cooperative members. Some of them has promoted to the
managerial and executive level. Civil society organizations for women’s rights such as YWCA and Women Link also took part in creating consumer cooperatives in Korea.

Many middle-aged career-interrupted women participated in the care labour industry as demand for domestic care labour increased rapidly. Korean Homecare Workers Association (KOHWA)\(^2\) represents the role of SSE in the field of care labour. KOHWA started in 1999 as a joint initiative of nationwide civil movement groups for overcoming massive unemployment by creating jobs for middle-aged women. The initiative developed into a nationwide organization called “national women homecare work initiative Ureonggakshi” in 2003 and changed its name as KOHWA in 2012. KOHWA currently has 12 nationwide charters and more than a thousand workers. The domestic care labour industry had low entrance barriers, but the work was informal, low-paid, and indecent. Domestic Workers were not legally recognized as workers and therefore excluded from social benefits for workers. Enhancing rights of the career interrupted women and decent job creation in the care labour industry is the mission of KOHWA. It provides a tailored education for the work and the trained middle-aged women are assigned to homes in need of care services such as post-birth care, babysitting, homecare work, eco-friendly cooking, home cleaning, and health management.

Marriage migrant women tend to experience more exclusion from the labour market due to language and culture gap. Social enterprises and cooperatives which put job creation for the marriage migrant women to the top priority became the main path of work integration. SEO Programs for these women started from the difficulties they experience and tried to find common ground where they can meet and interact with Koreans through the created jobs. For example, the social mission of OYORI Asia\(^3\), a social enterprise established in 2008, is “the economic independence of Asian Women as well as communication with Koreans through global business.” Asian Hub\(^4\), established in 2013, provides professional education for marriage migrant women to be experts in translation, language education, consulting and publication. The educated members became multicultural service providers of the company. Instead of just creating jobs and recruiting whoever fits their standard, the two companies offer education programs for employees to improve their capabilities.

SSE practices for the Disabled people

SEOs show strengths in discovering and creating jobs suitable for the characteristics of disabled people. Job opportunities adequate for disabled adults are important for the social inclusion and self-reliance of disabled people, but such job is always lacked. Employment of disabled people is intertwined with welfare policies of the government. After the institutional foundation of social enterprise was settled, many workplaces for the disable people transformed their organizational status as work integration social enterprises. The case of Bearbetter\(^5\) illustrates the possibility of job creation in line with the existing promoting institutions for the employment of disabled people. Bearbetter started its business in 2012 as a publishing company and has expanded its business area to café catering services and flower delivery. The company’s business model utilizes the “link employment” policy, which obliterates the employment of disabled people by 2.5% of the total employment in workplaces of more than 50 employees. The violating companies should pay

\(^2\) [http://www.kohwa.or.kr/](http://www.kohwa.or.kr/)

\(^3\) [http://www.oyori.asia/](http://www.oyori.asia/)

\(^4\) [http://asianhub.kr/organization](http://asianhub.kr/organization)

\(^5\) [http://www.bearbetter.net/](http://www.bearbetter.net/)
Employment Allowance for Disabled People, but they can get 50% redemption of the allowance upon transactions with companies that employ disabled people because the transaction is recognized as indirect employment.

More recently, SEOs develop business models based on the strengths of disabled people. The strengths are discovered through education programs. Disabled people and their family participate in the stage of business construction as main stakeholders. Autistar⁶, which stands for “Autism Special Talents and Rehabilitation,” is a social enterprise certified in 2015. The company started from a talent rehabilitation and social integration project for people with Autism. People with Autism create artworks in the design education program and Autistar develops the artworks into design goods for sale. The revenue is reused for the design education and self-help of people with Autism. Another example Donggubat⁷, started from an urban farming program aiming social education for people with development disorder. The business area of Donggubat expanded from urban farming to natural soap manufacturing. Those business models which started from social education for disabled people pursue social integration as well as job creation.

SSE practices for NK refugees

NK refugees can integrate into South Korean society while working with South Korean people in social enterprises and cooperatives (Kim, 2013). are the two exemplary social enterprises aiming work integration of NK refugees. Ministry of Unification (MoU), a social welfare foundation named Merry Year International, and SK, Ltd., one of the largest company conglomerates that is interested in SSE, agreed to create jobs for NK refugees who might not have enough ground in South Korean society and established the two social enterprises, Mezzanine I-Pack and Mezzanine EcoOne aiming to employ NK refugees in South Korean society. The case shows the value of social cooperation across sectors in addressing social agenda.

Yovel⁸ is a company established in 2014 aiming to provide jobs of sustainable quality to NK refugee youths. The company represents a case of social start-up by NK refugees. Five NK refugee youths started a café where South and North Korean youths can work together. The company recently expanded the business area to farming for better achievement of its social mission of offering sustainable jobs for NK refugees in South Korea.

Social Empowerment of Workers

Empowerment can be defined as “processes and outcomes of gaining the power to redistribute rights, opportunities, and resources which were distributed unequally” (Lee, 2000). Social and political empowerment is related to privilege, citizen’s rights, control of resources, access to opportunities, and social justice (Miley et al. 2007: 87). Social empowerment is needed not only for women and girls (SDG 5) but for the vulnerable groups related to social equality in general (SDG 10) (UNRISD 2018).

At the workplace level, social protection and on-the-job education and training empower workers. In Korea, companies are legally obligated to provide on-the-job educations such as sexual harassment prevention education, occupational safety, and health education, and privacy protection education for workers. Among the CSEs responded in the 2017 survey, 69% reported to provide education and training for workers additional to the obligated education programs.

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⁶ http://www.autistar.kr/
⁷ https://donggubat.com/
⁸ http://yovel.co.kr/
Worker cooperatives and worker-owned companies are a type of business which workers invest and take rights in operation and management. Small producers, consumers, and workers can secure their rights to work, improve their economic status, and pursue collective benefits by forming cooperatives. Democratic self-management and decision-making structure and joint ownership improve rights of workers at workplaces. There exist cases such as Woojin Traffic⁹, a local bus company, that workers pull the company back from the verge of defaulting on its debt by establishing workers cooperative and taking over the company. When Woojin Traffic underwent bankruptcy crisis in 2005, it transformed into workers self-managed system and overcame the crisis. Small merchants and freelancers also form cooperatives to overcome handicaps and strengthen their social and economic bargaining power. Franchise shop owners of a pizza franchise company recently formed a social franchise cooperative against unfair contract and treatment from the headquarter. DongnePangne is another example of a social franchise cooperative. The bakers who own small bakeries formed the cooperative and compete with large for-profit franchise chains, armed with the shared brand, production facilities, and storage.

People also gain a voice and become important partners in the governance structure through SSE practices (Busek, Smith, 1999). People believed that job creation and work integration are the role of government or private companies, and the belief left the role of civil society relatively small and secondary. Yet SSE brings citizens into self-decision-making and participation. SSE practices at the early stages were more of social and collective defenses against economic threats. Along with the friendly political opportunity structure, increased number of diverse SSE actors became able to be organized and engage in collective actions for social and institutional changes. KOHWA, for example, have organized forums and campaigns with civil society groups and political parties for better treatment to the care workers and engaged in the co-construction of laws for protecting the rights of domestic care workers. Hana Power On Impact is a “social value incubating program” launched in 2017 for decent work of the people having development disorder groups (Hana Finance Group, 2017). SEOs made a network with stakeholders from diverse sectors from local government, a private company, a civil society NPO, local university for sharing resources and knowledge needed to create a systemic solution. As well represented in the case, SSE can form a base of cooperation for various stakeholders across sectors as a method to achieve the social value is flexible. Partnership build-up benefits the value of cooperation and solidarity, which are the core principles of SSE.

Constraints and Limits

Paths of SSE for realizing social inclusion and social empowerment through decent work have shown much potential, but it has exposed constraints and limits to overcome as well. Those constraints and limits provide insights on the further directions of SSE.

As the concept of SE has risen recently in South Korea, it is lack of social ground including social capital. SSE in South Korea should coexist with the market economy and public economy within this imbalanced power relation as a party of the “plural economy” (Laville, 2015) and partnerships for implementation of SDGs. The relative weak position of SSE may limit its potentials.

As for the relationship with government, government-dependence of SEOs have been of concern, especially in the perspective of social empowerment. The imbalance emerges as SSE is intertwined with government through subsidy provider-recipient relations. Along with this

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⁹ www.wjbus.co.kr/
imbalanced relation, policy inconsistency may cause constraints. The basic idea of promoting social enterprises and SSE in South Korea was in line with the country’s orientation to the workfare state (Kang, 2017). Korean government’s understanding and interest on SSE swings between job creation and welfare function through social service provision.

The imbalance with the market economy also poses tasks for SSE in terms of decent work: SSE should also overcome the risks of marketization and reproduction of the sustained labour norms in markets. It is true that the exemplary cases are elevating work decency and rights of workers, but whether the practices induce changes at the industry level is arguable. Many jobs in the SSE sector are still low-paying and insecure. It should be noted that the organizational form of cooperatives or social enterprises does not automatically secure the achievement of inclusive development. Potentials of SEOs for female empowerment would decrease if the SEO is gender-blinded (Kim, 2008).

Empowerment of the SSE sector up to the self-sustainable level would be the key for overcoming these limits. A recent study argued that the dominance of state power over SSE was adjusted as the SSE sector has grown (Jang 2017). Regarding this, low level of networks of SEOs may cause limits. As shown in Table 1, 2017 CSE survey result shows that social enterprises are not actively participatory in networks, and existing networks tend to be more biased to the government. Measured in the 5-score index, CSEs reported a low level of networks with government, private companies, SEOs or civil society organizations. The overall result suggests that intra- and inter-sectoral networks of SSE should be more enhanced.

**Table 1. Networking Level of Certified Social Enterprises**

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Passive (1/2)</th>
<th>Moderate (3)</th>
<th>Active (4/5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Employment and Labour</td>
<td>2.41</td>
<td>48.7%</td>
<td>42.1%</td>
<td>9.2%</td>
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<td>National Government</td>
<td>2.17</td>
<td>61.1%</td>
<td>31.6%</td>
<td>7.3%</td>
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<td>National Social Economy Networks</td>
<td>2.43</td>
<td>51.2%</td>
<td>36.4%</td>
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<td>National Industry Networks</td>
<td>2.35</td>
<td>55.2%</td>
<td>32.2%</td>
<td>12.5%</td>
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<td>Korea Social Enterprise Agency</td>
<td>2.83</td>
<td>32.4%</td>
<td>46.9%</td>
<td>20.7%</td>
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<tr>
<td>National Intermediary Agencies</td>
<td>2.67</td>
<td>41.0%</td>
<td>39.4%</td>
<td>19.6%</td>
</tr>
<tr>
<td>(Pre)Certified Social Enterprises</td>
<td>2.86</td>
<td>33.7%</td>
<td>39.9%</td>
<td>26.4%</td>
</tr>
<tr>
<td>Other Social Economy Organizations</td>
<td>2.67</td>
<td>39.1%</td>
<td>41.8%</td>
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<tr>
<td>Civil Society and NPOs</td>
<td>2.51</td>
<td>47.8%</td>
<td>35.8%</td>
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<td>Private Companies</td>
<td>2.40</td>
<td>51.9%</td>
<td>36.8%</td>
<td>11.4%</td>
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<td><strong>Local Level</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government</td>
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<td>17.6%</td>
<td>36.0%</td>
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<tr>
<td>Local Social Economy Networks</td>
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<td>41.5%</td>
<td>12.2%</td>
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Conclusion

This paper has shown that SSE in South Korea has contributed to sustainable development in terms of decent work, social inclusion, and social empowerment. Decent work is one of the primary orientations of SSE practices in South Korea as an economic downturn and consequent negative social impacts, including issues of unemployment and work decency, has driven the development of SSE. SSE practices have pursued decent work through job creation, organizational transformation into cooperatives, and partnership build-up. The job creation for the vulnerable group such as women, people with disability, and North Korean refugees enables social inclusion through work integration and chances for social capability training through on-the-job education and training. Organizational transformation into cooperatives and partnership build-up have enabled social empowerment of workers. Democratic decision-making structures within worker cooperatives and worker-owned companies help to secure job security and rights to work. Experiencing the decision-making process and being organized as direct stakeholders at workplaces, SSE actors can make a voice on social issues.

The study does not intend to say that SSE is the “magic wand” for achieving social inclusion and social empowerment, or inclusive development in general. SSE practices in South Korea indeed face constraints, challenges, and limits. The constraints imply that SSE should be more empowered to make power balance with public and market economy, and substantial implementation of the SSE principles, rather than just organizational forms, is important to achieve the social goals. With these lessons, findings of the study can provide good examples of realizing social values and expand our imagination for civic engagement to improve the daily lives of people and strengthen the social sphere.

References


[in Korean]


