

Present Situation and Development Plan of Social Enterprises in Jeju Area

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Abstract

This study analyzes the problems of social enterprises in Jeju Island and presents sustainable growth and development plan for Jeju social enterprises. Social enterprises are the most problematic of self-sufficiency when government subsidies are discontinued. For the social enterprise to be sustainable, entrepreneurship must be premised, as well as the establishment of a clear mission and vision of social entrepreneurship. To solve this problem, first, for sustainable social enterprise, the entrepreneurial spirit should be premised not only on the establishment of a clear mission and vision of the social entrepreneur. Second, creating a friendly market for social enterprises, effective public relations such as cost reduction and joint marketing of social enterprises are necessary. Third, there is a platform to establish a close collaboration between social enterprise-related parties, and it is necessary to have a strategy that can coexist with local and social enterprises. Finally, local governments are expected to contribute to the development of social enterprises by organically linking the forms of middle organizations such as the Jeju social-economic network.

Keywords: *Social enterprises, Social economy, Entrepreneurship, Jeju social economy network*

1. Introduction

Since the implementation of the Act on the Promotion of Social Enterprise in 2007, the number of social enterprises in Korea is 1,856 in 2017. 632 social enterprises were established in Seoul and Gyeonggi-do, and nationwide distribution is evenly distributed. As of November 2017, there are 43 social enterprises, 25 preliminary social enterprises, 206 cooperative associations and, 28 village enterprises in Jeju Special Self-Governing Province.

This study investigates whether the social enterprises in the local community are connected with the local network or whether the social enterprises are collaborating, focusing on the Jeju Social Economic Network and Jeju Social Economic Support Center. This study examines the actual problems of social enterprise activation and suggests ways to improve it.

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2. Theoretical background

2.1. Concept of social economy

The social economy refers to an economy moving toward reciprocal economic activities with a social purpose and a democratic operating principle and a redistributive principle of sharing. There are social enterprises, cooperatives, village enterprises, and self-help enterprises in Korea as social-economic organizations. A cooperative is a company that is voluntarily formed by people who want to meet the needs of economic, social, and cultural needs based on joint ownership and democratic operation. The village enterprise is a company that seeks to meet the needs of residents and solve local problems based on the voluntary participation and cooperative network of villagers who know the needs and problems of the local people better than anyone else. The self-help enterprise is defined as a company based on the National Basic Livelihood Security Act (Jeju Social Economic Support Center), which plays a role in creating jobs and providing social services to help the residents' social and economic independence.

The purpose of the Framework Act on Social and Economic Development, initiated in 2014, is as follows; To improve the inefficiency of social enterprise management, to support stable operation and management of products and services produced by social enterprises, and to support social enterprises as a sustainable alternative economy. To this end, a nationwide social enterprise network is being established to build regional partnerships that strengthen cooperation and solidarity among social enterprises.

2.2. Concept of social enterprise

The social enterprise concept differs according to the legal and cultural environment of each country. However, many kinds of literature and researchers provide a comprehensive meaning. [1]. The Department of Trade and Industry (DIT) is a "social enterprise" that prioritizes social goals, rather than seeking to maximize profits for shareholders and owners, rather than reinvesting the generated profits primarily in the enterprise itself or in the community Companies'. In the OECD report, a social enterprise is said to be "a corporation that is carried out for the public interest and whose goal is not to maximize profits but to achieve specific social and economic goals". It also defines social enterprises as "all private activities for the public good that present innovative solutions to problems such as social exclusion and unemployment."

3. Jeju social enterprise status

In Jeju, the rapid population inflows in recent years have led to the emergence of new community problems as the income gap between the municipal and urban areas and the invisible conflict between migrants and indigenous peoples have intensified. Especially, due to the small size of pre-social enterprises and deterioration of the financial condition, it is becoming difficult to change into social enterprises and employment capacity (vulnerable class) is decreasing. [2].

Table. 1 Social corporation in Jeju

| Name of Company | Major products/services | Social service field | Type of social purpose | Certification time (year) |
|-----------------------------|--|------------------------|--------------------------|---------------------------|
| 사회복지법인 평화의마을 | Ham, sausage processing/installation, and operation of residential facilities for the disabled | Others | Job-provision | 2008.04 |
| 사회복지법인 마로원 | Laundry for the severely disabled | Others | Job-provision | 2008.04 |
| 유한회사 클린서비스 보금자리 | Environment (disinfection, cleaning) | Cleaning | Job-provision | 2008.10 |
| 사회복지법인 제주황새왓카리타스 일배움터 | Pottery Production & Sales / Flower Delivery | Others | Job-provision | 2008.12 |
| (유)엔젤사업지원단 | Visiting Care Service Management | Social work | Social service provision | 2010.01 |
| 영농조합법인 산새미 | Manufacture of handicapped / horse leather bags & wallets | Others | Job-provision | 2010.05 |
| 사단법인 일하는사람들 | Disinfection / cleaning | Cleaning | Combination | 2010.07 |
| (주)제주생태관광 | Ecotourism tourism | Sightseeing/ Sports | Others | 2010.12 |
| 주식회사 온디 | Wet tissue, laundry detergent, toilet paper production, and sale | Others | Job-provision | 2011.11 |
| 생드르 영농조합법인 | Local Food | Others | Community contribution | 2012.04 |
| 주식회사 서정 | Cleaning / Protecting / Security | Cleaning | Job-provision | 2012.09 |
| 사회복지법인 정혜원 에코소랑 | Cosmetics Production & Sales | Others | Job-provision | 2012.09 |
| 더불어 주식회사 | Sales of Jeju special products / Sales of eco-friendly products | Others | Job-provision | 2012.12 |
| 한라산성암영굴농원 영농조합법인 | Organic Tangerine / Juice | Others | Job-provision | 2013.03 |
| 백년의굴향기 영농조합법인 | Jeju Specialties Tangerine Production & Processing & Sales & Storage | Others | Community contribution | 2013.07 |
| 주식회사 제이엠누리 | Local Culture Content Development & Advertising & Internet News | Others | Job-provision | 2013.09 |
| 유한회사 좋은세상 | Disinfection/child food delivery | Cleaning | Job-provision | 2013.09 |
| 한울 영농조합법인 | Eco-friendly agricultural products shipment & processing & sales | Others | Job-provision | 2013.09 |
| 농업회사법인 주식회사 제주살림 | Eco-friendly local food production & distribution & sales | Others | Job-provision | 2013.11 |

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|---------------------|--|------------------------|-----------------------------|---------|
| 제주물마루된장학교 영농조합법인 | Well-being Traditional Food Development & Education | Others | Combination | 2013.11 |
| 주식회사 한라환경 | Tire recycling/cleaning tool production | Cleaning | Job-provision | 2013.12 |
| 주식회사 푸른바이크 쉐어링 | Bike Travel Course Development & Diffusion & Rental | Sightseeing/ Sports | Job-provision | 2014.03 |
| (주)제이제이콜렉션 | Leather Wallets & Belts Manufacturing & Sales | Others | Job-provision | 2014.05 |
| 사회복지법인 창암복지재단 엘린 | Cleaning services / Lodging / Travel | Others | Job-provision | 2014.06 |
| 농업회사법인 (주)제주허브 | Jeju Eco-friendly Agricultural Products Manufacturing & Processing & Distribution & Sales | Others | Job-provision | 2014.11 |
| 사단법인 국악연희단하나아트 | Culture and Arts Business | Culture/Art | Social service provision | 2014.12 |
| 사단법인 제주영상문화연구원 | Promotional Video Production / Festivals & Events / Technical Support Consulting | Culture/Art | Job-provision | 2014.12 |
| 제주콩나물 영농조합법인 | Eco-friendly sprouts & host cultivation | Others | Job-provision | 2014.12 |
| 행복나눔마트 협동조합 | Staff Cooperative / Mart | Others | Others | 2014.12 |
| 소담제주 영농조합법인 | Agricultural Products & Retail / Real Estate Brokerage | Others | Job-provision | 2015.03 |
| 주식회사 디엘에스 | Computer & Electronic Imaging / Publishing & Wholesale | Others | Job-provision | 2015.03 |
| 주식회사 대유기업 | Air Conditioning & Machinery Installation | Others | Job-provision | 2015.03 |
| 주식회사 시와월드 | Design Goods & Character Goods Manufacturing & distribution | Culture/Art | Community contribution | 2015.07 |
| 농업회사법인 (주)제주공방 | Special Souvenirs & Crafts & Landscaping Pots | Culture/Art | Community contribution | 2015.09 |
| (주)제주이어도돌봄센터 | Care services / Medical equipment / Visit care | Care, Housekeeping | Social service provision | 2015.09 |
| 주식회사 해피맘하우스 | Doll Experience / Personality Education | Others | Social service provision | 2016.02 |
| 사회적협동조합 희망나래 | Design / Publishing / Printing / Flower | Others | Combination | 2016.12 |
| 영농조합법인 제주다 | Desserts / Agricultural Products / Cosmetics wholesalers | Others | Community contribution | 2017.06 |
| 제주희망 협동조합 | Freight Transportation / Food Transportation | Others | Job-provision | 2017.05 |

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|-------------|--|---------------------|------------------------|---------|
| 주식회사 정성기업 | Laundry | Others | Job-provision | 2017.05 |
| 유한회사 섬이다 | Western restaurants / food / tourist souvenirs | Others | Community contribution | 2017.09 |
| 의귀마을 영농조합법인 | A horse race track | Sightseeing/ Sports | Job-provision | 2017.11 |
| 주식회사 꿈틀 | Development of publishing software content | Others | Job-provision | 2017.11 |

Source: Korea Social Enterprise Agency

Table 2. Social purpose type and social services sector ratio in Jeju

| Type | Job Provision | Social Service | Combination | Community contribution | Others | Total |
|----------------------------|--|--|---|--|---|---------------------|
| Certification Requirements | The employment rate of vulnerable groups 50% or more | More than 50% of vulnerable groups receiving social services | Employment rate of vulnerable groups 30% or more / 30% or more of vulnerable groups receiving social services | More than 20% of the employment rate of the local vulnerable groups / 20% or more of the vulnerable service delivery ratio | Difficult to judge whether the social purpose is realized | |
| Ratio | 28(65.1%) | 4(9.3%) | 3(6.9%) | 6(14%) | 2(4.7%) | 43(100%) |
| Service | Others | Cleaning | Culture/art | Sightseeing/sports | Social work | Care / Housekeeping |
| Ratio | 28(65.1%) | 5(11.6%) | 4(9.3%) | 3(7%) | 2(4.7%) | 1(2.3%) |

Source: Korea Social Enterprise Agency

A social-economic organization that has relatively low self-sufficiency and technological power compared to existing economic entities is required to establish sustainability as a network that forms a virtuous cycle system of coexistence and coexistence to improve the quality of life of residents. [3].

4. Development plan of social enterprise in Jeju

Solving the problems presented above can be suggested as a direction for social enterprise development.

1) Since the social enterprise is a company that pursues both social and economic values at the same time, it may face difficulties in competition with general companies for profit. To cope with this, it is necessary to expand the market and make differentiated marketing. In other words, companies need to help consumers who use products or services of social enterprises recognize themselves as the subjects that realize social values. Public relations or campaigns related to this will be a means by which social enterprises can have a lasting competitive advantage. In the early days of establishing a social enterprise, it is necessary to build a business model that can secure profit through a start-up consulting organization such as a 'social venture'.

2) In the case of social enterprise collaboration, it is necessary to pursue strategies that reduce stakeholder conflict and make a win-win relationship. For example, Jeju Ecotourism, Bluebike Sharing, and Daegu Village Farming Association are in different fields, but they can create synergy with co-marketing strategies that enable tourists to do eco-tourism, bicycle, and horse riding at low prices. From a long-term perspective, this will be a competitive strategy in competition with commercial enterprises.

3) Government subsidies are sure to be a prime example of establishing a social enterprise. The current social enterprise policy is focused on the labor cost support policy. Currently, social enterprises can receive support from the Ministry of Employment and Labor for labor costs at the minimum wage level; Social enterprise certified - 3 years (90% for the first year, 80% for the second year, 70% for the third year), a preliminary social enterprise for two years (100% for the first year and 90% for the second year). [4]. This poses a risk that the social value creation of social enterprises will be confined to the vulnerable class employment area.

As a solution to this problem, there can be differential support of labor costs by the life cycle of social enterprises. In the case of a company that does not escape the poverty line after three years, it will have to be turned into support for creating a profit model or increasing sustainability instead of supporting labor costs.

4) It is no exaggeration to say that entrepreneurship is the greatest variable that determines the success or failure of social enterprises. As such, the ethical and creative entrepreneurship of social entrepreneurs can not be overemphasized. The Ministry of Employment and Labor, local governments, and large corporations are conducting social entrepreneurs' academy, but their effects are weak. The curriculum runs for a minimum of 20 hours and a maximum of 150 hours, which is an introductory level to the social enterprise and is insufficient to train successful social entrepreneurs. [5]. Like the Asoka Foundation's Asha Fellow selection process, it is necessary to find a social entrepreneur who has high potential through a thorough verification process and then provide a professional and systematic education program. It is also necessary to educate the civil servants and officials concerned.

Entrepreneurs are not born but are raised. Governments, municipalities, and organizations should make unremitting efforts to improve the quality of education programs to foster and nurture social entrepreneurs. Not only social entrepreneurs but also employees should have self-consciousness and responsibility with self-esteem that they solve social problems and create noble values.

5. Conclusion

In this study, we tried to derive a more realistic method through the comparison of domestic and overseas industry-university cooperation programs on the activities for activating industry-university cooperation.

The R&D Research Compensation Program also established guidelines for the payment of performance-based pay for technology development patents and guidelines for free technology transfer. In addition, we derive a joint competency strengthening program in which students, companies, and universities jointly participate in evaluating indicators that can give added value to companies in various business supports. We have also developed a total management program that transforms education into a step-by-step educational system and strengthens employment and entrepreneurship that can benefit education for residents. Finally, in the intellectual property expert matching program, dedicated manpower was assigned to each of

the minimum administrative districts utilizing technology dealers, and a method for providing Internet information search service using the expert map nationwide was derived.

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