

Social Welfare in Korea : Institutional Welfare vs. Community Welfare

(韓國의 社會福祉 : 制度福祉 vs. 地域福祉)

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Social welfare is what to perform a social function of 'mutual support(相互扶助)' within the scope of communal society. There are various forms of methods for supplying social welfare. Two typical forms include (1) institutional welfare and (2) community welfare. In Korean society, since modern social welfare system was introduced by the 1950s, the development in social welfare has been mostly governed by the institutional framework. Then in the 2000s, nearly 50 years after, there has emerged an awareness of the limits or problems regarding the institutional welfare policies. Currently, community welfare has been dealt as a new paradigm for social welfare provision in Korea.

1. Three Types of Social Welfare Provision

There are three types of social welfare provision. All of them have the same goal of achieving the social functions of mutual support and then reaching to "co-existence(相生)". Difference is the ways of how to pursue it.

(1) **Social Insurance(社會保險)** : This is the most typical provision of industrial society. It is government sponsored program and funded by taxes or premiums paid by participants (usually, employees, employers, and government). It is intended to protect people from the risks of industrial society (unemployment, accidents, old age, illness) that lead to poverty. In Korea, there are 4 basic social insurance programs (National Pension, National Health Insurance, Industrial Accident Compensation Insurance, Employment Insurance), and currently added are Basic Old-age Pension, Long-term Care Insurance.

(2) **Public Assistance**(公共扶助) : A program that government guarantees the level of people's basic livelihood. It is operated by the central and local government with the general taxes. Specific amounts of cash are provided to the people who have income lower than the pre-determined national minimum. In Korea, it is named 'Basic Livelihood Security(基礎生活保障)'. Public officials ('社會福祉專擔公務員') in charge of administering this program would consider households' assets, income, support family members, etc., and to those who pass the means-test would give Livelihood Benefits, Housing Benefits, Education Benefits, Children and Funeral Benefits, Energy Subsidy, etc.

(3) **Social Service**(社會福祉Service) : This is not the cash payment programs like social insurance and public assistance. Social service is to provide human service instead of giving cash to the people who need elderly-care, education and care, health service, and others. These are the ones that cannot be operated properly in market mechanism, so government provides them socially. In Korea, the areas of social welfare services are typically classified as Welfare for Persons with Disabilities, Childcare, Child Welfare, Youth Welfare, Women and Family Welfare, Welfare of the Aged and Others, etc..

2. Provision of Institutional Welfare

The providers of institutional social welfare can be divided as the Public and the Private. They are different in terms of operating system.

(1) Public : Those organizations that are regulated under the government operating system. Included are central government, local governments(16 Metros and 232 Low-levels), and various public corporations established by the government. For example, National Pension Service(國民年金公團) and Workers' Compensation & Welfare Service(勤勞福祉公團) are the public corporations which aim to administer social insurance related works. In Korea, social insurance is mostly operated by the public corporation system, and public assistance is by the government system.

(2) Private : Mostly non-governmental organizations(NGO). The private sectors are divided by the non-profit organizations (NPO) and for-profit companies. NPOs are the ones that do not distribute funds and/or profits to the owners of the organization, and use them for their established social causes. In Korea, provision of social welfare service is mostly performed by these organizations in the private sector. They also can be funded by the taxes for their services consigned by or contracted with the government.

The contents of social welfare provision are basically composed of either Cash or In-Kinds according to their respective merits.

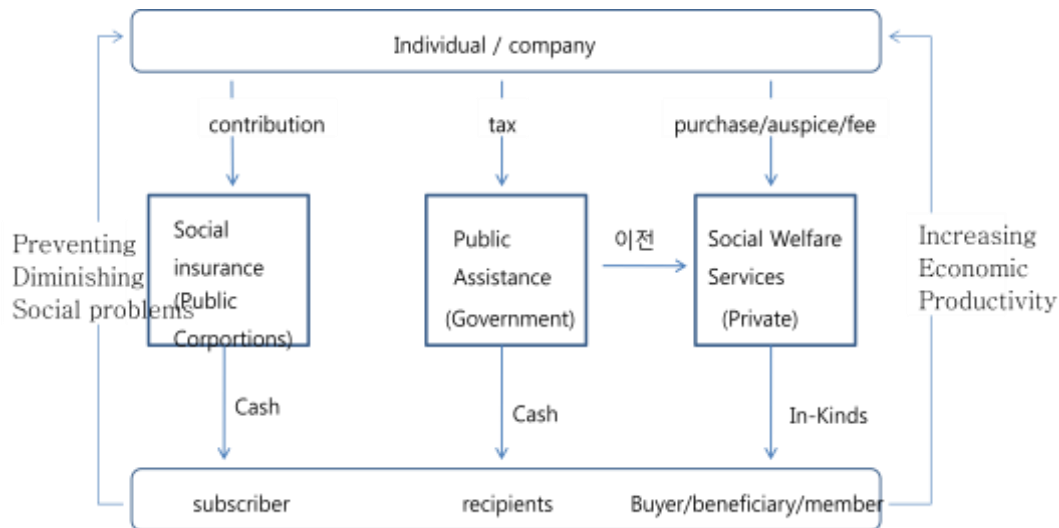
(1) Cash: Giving money or credits to the people who are qualified. Strategy of cash transfer is adopted mainly by the income security programs like Public Pension or Public Assistance.

(2) Payment in Kind : Giving goods or services. Social Services for the youth, handicapped, elderly, and others are the example of this. With this strategy, providers can designate specific contents of services to the recipients, unlike the Cash strategy which is not easy to do it.

Provision	Provider	Main Contents	Programs	Annual Budget (2009)
Social insurance	Public (public corporation)	Cash	National Pension, Health Insurance, the Elderly Long-term Care Insurance, Accident Insurance, Unemployment Insurance, etc.	44.9조 (40 B\$)
Public Assistance	Public (government)	Cash	Basic Livelihood, Medical Aids, Disability Benefits, Self-support Benefits, Old-aged Benefits	18.3조 (15 B\$)
Social Welfare Services	Private/ Public	In-Kind (Service)	various social services for the disadvantaged and socially alienated people	12.3조 (10 B\$)
※ 2010 government expenditure: Total: 291.8조 (270 B\$), Health & Welfare: 81.0조(80 B\$), H & W Administration: 31.06조(30 B\$)				

<표 1> Budget allocation for three major institutional welfare provisions

<Figure 1> shows how those three types of provisions are delivered by the different mixes of organizations and routes.



<Figure 1> Delivery system of social welfare provisions in Korea

3. Emerging Concerns of Community Welfare in Korea

In Korea, the concept of community welfare includes multi-dimensional aspects used as follows.

- Community Care : As opposed to the institutional care, community care has been emphasized recently. Community care and community welfare are recognized as almost the same concept.
- Community Development : Emphasizes the aspects of 'communal living' more than how to use community for welfare purpose, community development. Community development is necessary as a pre-condition for community welfare practices.
- Community Compact : As a tool for decentralizing government, as in the case of England, central government requires local governments or authorities to do community involvement and participation in order to be funded by the government. This approach emphasizes agreement among community people, private agencies, and others.

Although the aspect of community care was the main usages in Korea until recently, those aspects of community development and community compact are also newly drawing attention. In the area of urban development, 'community revitalizing work' is introduced as a new paradigm to replace the so far approach of 'urban redevelopment' (= dismantle old buildings, construct new buildings). Community revitalizing emphasizes preserving old buildings and community atmosphere. The aspect of community compact is being examined for its usage in government subsidy policies.

The emerging concerns for community welfare in Korea can be explained mainly by the present situations of rapid increase of human service needs, definite limits of present social welfare delivery system to handle those needs, and revitalized concern for the values of 'community'.

1) Changes in the environment of welfare provision

For the last two decades, rapid social-economic changes have appeared in Korea. The characteristics of these changes are well worth to be noted, because they point out the direction of Korean social welfare system.

(1) Breaking away from the era of 'absolute poverty' : Until the 1970s, The main social problem in Korea was poverty among vast numbers of people. It was only after the late 1970s when the society could be free itself from problems related to the absolute poverty. An equation of "economic development by strong government = solution for people's welfare" was widely accepted. Even though the social environment has rapidly changed and economic development by alone has not proven to be an omnipotent solution, the belief on the equation formed since then is still being conserved among many people. The peril of that belief or myth is that it could place the efforts for 'social development' to lower priority.

(2) New Social Risks emerged around the 2000s : Along with the decline of economic problems, new problems has been recognized in Korea around the 2000s. They were social problems with 'social' and 'human' aspects rather than with 'materialistic' ones.

- Reason 1 : social bipolarization, caused by new economic paradigm (liberalistic capitalist economy). New problem of poverty becomes more 'relative' rather than 'absolute'.
- Reason 2 : socio-demographic changes. Because of aging population and role changing of women and family, new problem came up on caring for the traditionally dependent population groups (aged, young, handicapped, and others).

These new social risks have necessitated new forms of social welfare provision equipped along with cash-transfer provision from central government.

(3) Expanded needs for human service : Knowledge-information society needs vast amounts of human capital. Among various social strategies to expand human capital, human service approach of providing direct help to the people who need care, education & training, treatment, rehabilitation, mental health, cultural service, etc..

(4) Limitations in both 'nation/welfare state' and 'free market' : Welfare state tends to build a large scale bureaucracy (usually central government) to maintain extensive taxing and paying system within the national boundary. Since the 1980s, this model of welfare state has been on the ebb because of its assumed inefficiency criticized by its opponents. Liberalistic capitalism came along since, and it has emphasized the importance of free market. This market model has also shown its adverse effects in which uncontrolled selfishness and excessive competition resulted from market mechanism tend to destroy the communal aspects of human lives and the social justice. So, a new paradigm of social welfare provision has been searched. 'The Third Way' was one effort on that line, which emphasizes participation of people, community, NPOs, religion, etc, along with the state and market mechanism.

2) Uniqueness of human service delivery

Personal social service is human service. It differs with others in that it doesn't target social artifacts like objects, system, rules, and so on. Human service directly target to change the attributes and/or conditions of individual human being. Different from

cash-transfer provisions, provision of human service has very unique aspects on delivering. As this kind of unique human services is expanded, social system of administering it needs to be adjusted by that. Human service administration needs to consider the following aspects if to be effective.

(1) individuality : Every individual human being has its own individualized and unique set of needs composition. Therefore, the method of social welfare provision by pre-standardized regulations would not work properly, which was the case of 'cash-transfer' provision by the rigid bureaucracy. More flexible system is needed.

(2) holism : All human needs are inter-connected within an individual, therefore the problem of a human being could not be understood by splitting its needs. Those can be split by the purpose of policy making which needs a specific target or for academic reasons. But, for the individual beings, their needs and services need to be dealt with an integrated manner.

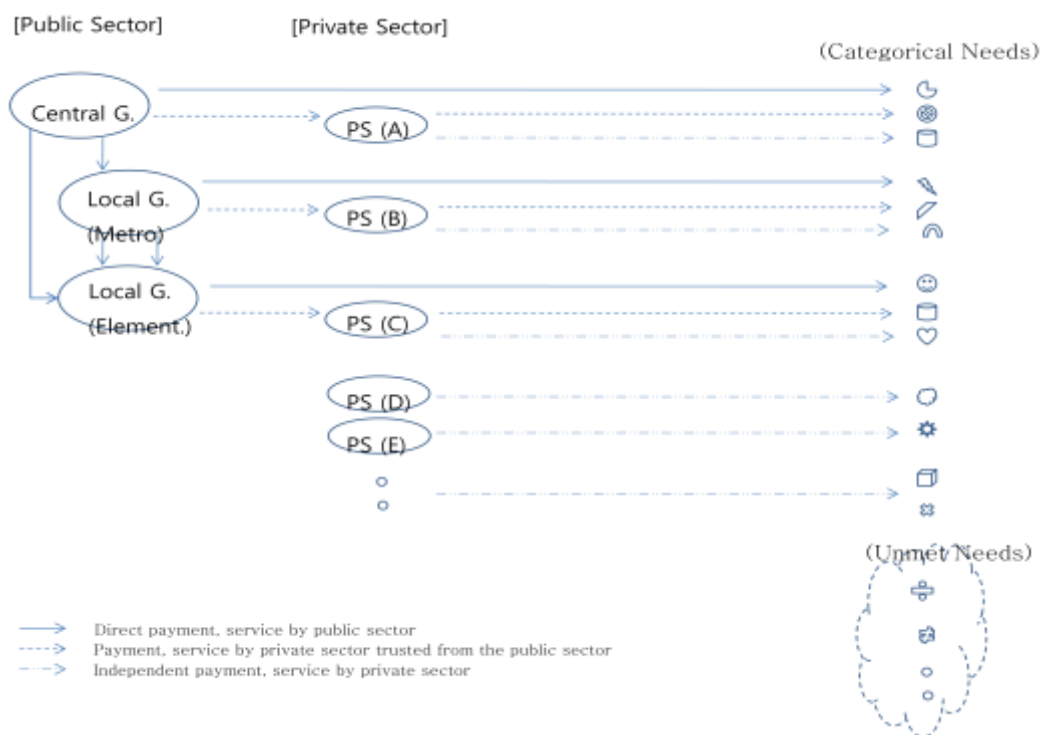
(3) variability : Human needs are not static. Therefore, ever-changing aspect of individual needs should be dealt importantly. With the principles of bureaucracy, this aspect of human service characteristics is not properly counted.

(4) co-production : Human service is delivered by human interaction between provider and consumer. For its human service to be effective, needed is the active participation of consumer as well as provider at the service process. So the delivery system of human service should be the one that guarantees active, not passive, participation from the consumer or user side.

For human service to be operated properly and effectively, welfare system should be the one that the attributes of human service could be realized. As the existing system has been built around bureaucratic organizational structure, challenging tasks of Korean social welfare provision is how to alleviate the rigidity of the existing system in order to fit to human service demands.

3) Limitations of the existing system of welfare provision

At present, the structure and process of social welfare provision in Korea are shown at the following figure. It shows the limitations of present welfare delivery system with (1) split needs, (2) separate policy development by each categorical need, and (3) hierarchical connection among public and private sectors. Typically, this kind of delivery system is supposed to fit well for cash or goods transfer, not for the human services with the characteristics of individuality, holism, co-production, variability, etc.



<Figure 2> The existing service delivery system of Korea

Bureaucratic delivery system operates in the typical mode which divides problems (vested in a society or an individual as holistic manner), specifies tasks to each problem, assigns division of labor, allocates budgets, and requires obeying pre-determined rules and procedures decided by the upper level of hierarchy. Such organizational mode of operation has been conceded for its utility for solving a large size of social problems like nation-wide absolute poverty.

Problems of this hierarchical mode come from the question of whether it might be effective for delivering human services, which should be operated by the atmosphere of active human interactions at street level. In human services, critically important decisions are often made throughout the service interaction processes, which are not static. Pre-decided top-down oriented bureaucracy does not tend to be able to handle this proposition properly. Various personal social services including mental health, rehabilitation, and voluntary activities, do not correspond well to bureaucratic organizational system.

4) Rediscovery of the values on community

In the pursuit for re-organizing social welfare delivery system, the values of community have been renewed recently in Korea. Theoretical grounds for the renewed concern are as follows:

(1) Theory of Hierarchical Human Needs

: Lower material needs (food, shelter, etc.) → social psychological needs (A. Maslow)

: Relative values for social relationship heightened, thus the same for the 'community' which enables for it.

(2) Happiness economics

: Aiming for extending the concept of 'utility', which has been traditionally leaning toward the 'material' aspects of utility concept, happiness economics emphasizes the importance of socio-psychological aspects of utility in people's lives such as 'trust', 'equality', and so on.

: Easterlin Paradox (1974) & Hedonic Treadmill

: GNP(Gross National Product) vs. GNH(Gross National Happiness).

(3) Social capital & Game theory

: Social capital is what facilitates mutually beneficial collaboration activities among individuals and groups, and it often goes with those concepts of trust, norms, network.

: Game theory backs up the possibility of increasing social capital in an environment of community which does recursive interactions among the members.

: Social capital and economic prosperity (reduction of social transaction cost), political efficiency (reduction of inefficient paper-works and regulations). If a community has more social capital, then it will get better chances for both social integration of democracy and economic efficiency of capitalism.

(4) Psychological theory.

: Psychologist E. Erickson. correlation between trustiness and mental health.

: People get the feeling of trust from the others usually in a community circle. Without it, people would get easily exposed to mental breakdown.

(5) Social-psychological theory.

: Peter Berger. Bureaucracy, alienation, mediator, and empowerment.

: Bureaucratic mega-organizational structure tends to alienate people from itself and attenuate the sphere of people's private life. As the results, individuals have difficulty in having spontaneity and self-identity which usually forms in a trusted personal relationship, and become to depend excessively on the public institutions.

: Needs the role of mediating structure, which connects public sphere and private sphere for people's lives. P. Berger thinks 'community' might be appropriate for it.

(6) Political Economy theory

: Local community and governance theory.

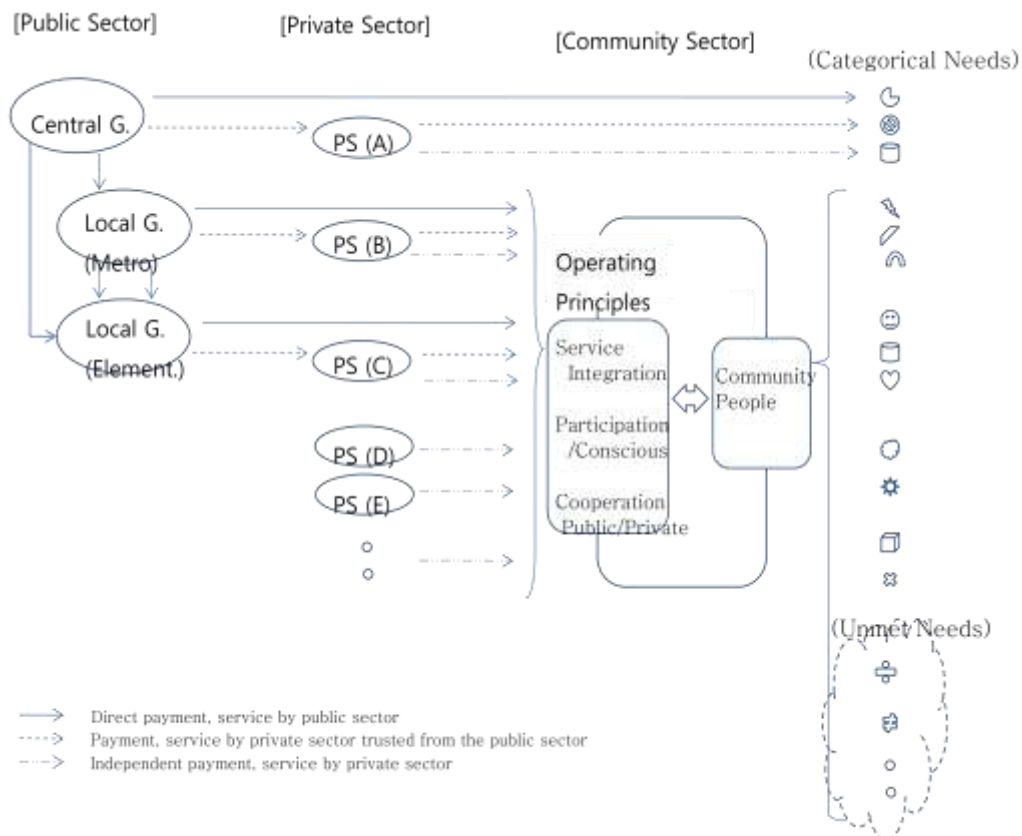
: Elinor Ostrom, Indiana University professor. 2009 Nobel Prize winner (Economics).

: Provides an alternative solution for 'tragedy of the commons', which is not 'the state' nor 'market'.

: Shows that 'community' and 'participation' could be a solution

4. New Welfare Paradigm : Community welfare system

With considering the limitations of the existing system and valuing the newly awakened community concept, there have been several attempts of welfare system reformation which are still ongoing. Those include government-wide reviews of how to put community sector in the existing social welfare system, along with other various attempts by local authorities and NGOs.



<Figure 3> Newly reviewed Model of social welfare system in Korea (under study)

<Figure 3> shows the expected location of community sector if put into the existing social welfare system. This model concedes that major source of budgets for welfare provision should come admittedly from the public sector, and that the operations in that sphere would be basically bureaucratic. Nevertheless, the new model shows that they should be operated in a manner of enabling human service at least before they meet people's holistic lives. By inserting the community welfare system into the existing system, it is expected to do the followings.

(1) User-centered service integration : Unlike the division of labor principle that drives

bureaucratic organization system, community system is more human-to-human interaction based. Those human relationships are based on the principles of holistic, individualism. Therefore, the community level is expected to be the best place for service integration. There, users or consumers of social services would meet in an integrated manner those complex services provided from national or local governments. For this principle working properly, it is said that the governmental structure of resource allocation should be reformed. Several researches on this matter by the central government are going on now in Korea.

(2) Collaboration mechanism of the public / private sectors : This is mainly done by the service providers of the public and the private parties. Previously this relationship has been dominated by the so called 'dependent proxy' model, which means that the private sector is dependent to the public sector for their operational resources, legitimacies, and others. By inserting community principle into this situation, it is expected that collaborating relationship, not dominant-dependent relationship, would be established among the public and the private. Network building structure and technology are supposed to be proper for this effort, and a community provides good environment for it. In Korea, The law of 'Social Welfare Service' made it compulsory to install an organization called 'Consultative Body for Community Welfare' to every elementary level local government (Si/Kun/Ku, 市/郡/區). The main purpose of the body is intended to do networking among the public and the private organizations to talk over local community problems.

(3) System for facilitating participation and community consciousness : By participating at the community affairs, residents or citizens could have a sense of sovereignty over their lives. That sense or consciousness would help them to overcome the feeling of alienation from the large bureaucratic structure. As P. Berger claimed, in modern society, private spheres of life, i.e., neighbors, family, religion group, voluntary association, are easily overwhelmed by the mega-structure like centralized large scale bureaucracy. As a result, individuals have difficulty in forming the senses of self-identity and spontaneity, and easily fall into the trap of dependency on the mega-structure. Community is a newly found key to overcome those problems, and it is expected to do

the role of 'intermediating structure' between the mega-structure and the private life.

Participation also has an important aspect on human service delivery. Human service is produced by co-operation by both the provider and the consumer. As for example in teacher-student relationship, human service requires active participation from the user-side if it be effective. Community structure is expected to be favorable to produce this kind of atmosphere.

5. Efforts to Move Toward Community Welfare System

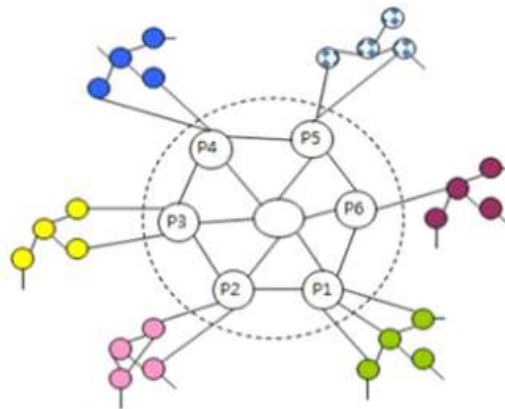
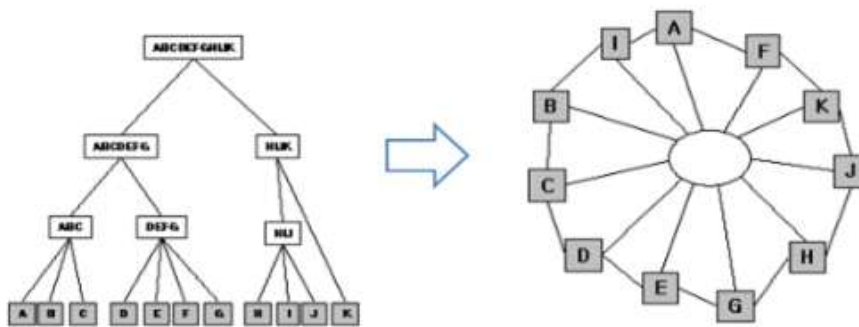
In order to have a community to work for social welfare purpose, it is said that some efforts should be given serious attention. The following list is a couple of principles discussed at a conference on paradigm shift of Korean social welfare system.

(1) Building people-centered system (cf. organization-centered system) :

Community welfare differ manifestly from the institutional welfare that is based on the bureaucratic rule-governed, predetermined standardization. The pursuit of community welfare is to build a healthy communal lives through enhancing social association among people, and, as the result, to make the fundamental aim of social welfare 'mutual support' to function. Considering these purpose and orientation, community welfare system should be the one that make people easily to participate and cooperate with other people. It is people-centered, not organization-centered.

(2) Facilitating network system (cf. bureaucratic system) :

Community welfare system adopts the method of networking for the system. This method is chosen because of its possibilities in making the members of system flexible and spontaneous while still doing integration and coordinating possible. In order to make a network system work properly, it is reported that people or participating members of network as well as policy makers first need to shift their mentality on organization. It is a new paradigm of organizational activities, communicating, interacting, directing, decision making, etc.



The network does not depend on the hierarchical line of command chains. It rather relies on self-regulation, cooperation, horizontal communication among multiple parties. Active participation and communication could be evaluated by themselves as the outcome of the community welfare system, because those are to mean accumulation of social capital.

(3) Developing programs appropriate for community welfare purposes :

Programming for the community welfare should be accorded with the aims of community welfare, not of institutional welfare. Simply increasing the amounts of welfare provision by any method is not the purpose of community welfare. Although institutional methods (i.e., taxing and granting) have been thought to be an easy way to expand welfare provision in Korea, the results from it do show various negative aspects including increased dependency and bureaucratic maladies. It is reported that the values of integration, collaboration, and participation should be the key considerations in developing community welfare programs.