‘Self-reliance Program’ in South Korea: Focused on the Experiences of the Participants

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Only in the last decade has the idea of 'welfare' taken root in Korean society. To help overcome the 'economic crisis', the Korean government's 'productive' welfare policy expanded the welfare system. A major change was the introduction of the National Basic Livelihood Security System in 1999. Self-reliance program is the most representative of the idea of a Korean-style workfare policy. The features of the self-reliance program found throughout this study are as follows. Firstly, while the National Basic Livelihood Security Act primarily protects every citizen's right to receive social welfare, participants in the self-reliance program consider the self-reliance program to be a mandatory responsibility if they are to receive welfare benefits. Secondly, since the introduction of the self-reliance program, the lives of the people who struggle from poverty have not improved much. Finally, the self-reliance program does not provide appropriate technical training or vocational education to the participants, it causes the number of low-skilled workers to continuously increase.
Although the Korean government's Self-support Care has expanded the boundary of welfare recipients, there is still a long way to go in terms of its effective operation.

Keywords: productive welfare, self-reliance program, social exclusion, poverty, National Basic Livelihood Security System, bureaucratism, productive community
1. Introduction

It has been less than ten years since the idea of welfare took hold in Korean society. In fact, social welfare was a true blind spot of Korean society until the 1990s. However, as a part of several policies to overcome the 1997 financial crisis, the Korean government’s productive welfare policy began to expand the entire welfare system to every corner of the society which had been suffering from a severe lack of social benefits.

Productive welfare is a notion originating from *workfare* or welfare to work which was used by western industrialised welfare countries to solve their welfare budget problems. In turn, since it pursues both the welfare to protect the vulnerable or disadvantaged and to provide working opportunities, it could be a market system with welfare. In 2000, productive welfare appeared in Korea in various kinds of institutions by the introduction of the National Basic Livelihood Security (NBLS) Act (Cheon 2003). The NBLS Act (2000) expanded the range of recipients so that those defined as poor who have the capacity to work receive income support from the government. Additionally, it realized the productive welfare, through the self-reliance program, by providing those defined as poor, with a chance to become self-reliant. Accordingly, the self-reliance program is one of the main institutions that the principle of Korean productive welfare was applied.

Since the government introduced the idea of productive welfare, many studies have been undertaken in the areas of sociology, politics and economics. These studies have assessed productive welfare with respect to the Korean government’s insufficient financial budget and unstable Korean economic circumstance. The purpose of this study is to provide more details about the self-reliance by examining
how the self-reliance program could reduce the number of people defined as poor and improve their lives.

Two features of the self-reliance program will be explored. Firstly, the function of the program is to drag those defined as poor out of a cycle by giving them a subsidy, such as, income support. Secondly, this study will focus on the operation of the self-reliance program, as a labour market management system.

The paper is organised as follows. Section 2 provides a brief overview of Korean welfare reform and system: the NBLS Act and the self-reliance program. Section 3 describes the data used in the empirical analysis and the methodology. The main empirical findings are presented in Section 4 in three aspects: the feature of the program as a provider the welfare with duty; its operation to reproduce the working poverty; and lastly its function to expand the low-skilled labour market. Section 5 concludes with summary and discussion.

2. Background

In this study, I will describe the NBLS Act and the self-reliance program to better understand the processes underlying the experience of the Korean welfare policy. Also, the impact of the program on those defined as poor will be shown through examining the statistical data.

The National Basic Livelihood Security Act

The NBLS Act was enacted in 1999, just after the 1997 financial crisis. The necessity of this act had been rising since there existed a large dead zone of those
defined as poor who were not eligible to receive social benefits and services in the boundary of previous law, called as The Livelihood Protection Law. The aim of the NBLS Act can be demonstrated in two ways. It secures the basic livelihood households that struggle from absolute poverty and it realizes the idea of productive welfare, through assisting the self-reliance program service.

The NBLS Act made four sorts of differences, if compared to the previous law, which had a limitation on the welfare recipients and the range of welfare program. The NBLS Act ensures the recipients’ rights throughout, not only supporting people but also securing their lives. Then, the range of the recipients has been expanded and the criteria to select the recipients also became more moderate. In turn, the demographic factors as the requirements were abolished and the degree of poverty and supporter’s existence have been applied as the criteria. In addition, public assistance has changed toward supporting the recipients in greater variety of ways depending on their situations. Finally, the NBLS Act offers the job opportunities to the working poor for encouraging them to escape from the poverty through providing conditional support (Cheon 2003).

Table 2.1 Total recipients under the NBLS Act (2007)

<table>
<thead>
<tr>
<th></th>
<th>General Recipients</th>
<th>Special Recipients</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>1,463,140</td>
<td>86,708</td>
<td>1,549,848</td>
</tr>
<tr>
<td>Percentage</td>
<td>94.4</td>
<td>5.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As shown in Table 1.1 above, there were about 1.5 million recipients (852,000 households) in 2007, it was 3.2 per cent of the total population. In addition, there are two types of welfare recipients based on the NBLS Act: one is a general recipient and the other is a special recipient. The former group consists of the people who do not have any support and live to a minimum cost of living, regardless of the age and work capability. Also, the participants should meet an asset criterion to be qualified. The latter group comprises the people who meet all the requirements to become the recipients for NBLS Act and do not have a regular dwelling (or safe habitation), so need to stay in temporary shelters that the government provides based on NBLS Act. As can be seen in Table 1.1, most of the recipients (94.4%) are general recipients and just over 5.6 per cent received special assistance. In terms of the recipients’ characteristics, the proportion of men recipients is much higher than women by 35.1 per cent and it can be surmised that the average life span of women is longer than men. Moreover, 77.9 per cent of the recipients are an economically, non-active population, which includes people aged fifteen or over and placed between employed and unemployed, for instance, students, the elderly or the injured.

The self-reliance Program

It has been nearly two decades since the self-reliance program was introduced in the name of the welfare to work in Korea. Initially, the social movement communities, such as religious organisations, began to organize the self-reliance program centres in the main cities. Since then, the number of the centres rapidly increased: there were 242 centres in 2004. In addition, the name of the centre has
changed to the ‘self-reliance program centre’ as an institution of the government. Compared with the previous welfare institutions in Korea, the biggest difference of the self-reliance program, is that households with family members who are able to work can receive an allowance from the government. Moreover, the recipients are given a cash subsidy (Kangwonilbo 18 July 2005).

**Figure 2.1 Estimated Budget for the self-reliance program, 2001-05.**

As illustrated in Figure1.1 above, the budget for the self-reliance program is growing annually, and it reached nearly 250,000 dollar in 2005, despite a slight decrease in 2003. If we turn to Figure 1.2 below, in relation to the number of participants of the program, there can be found a fluctuation in the graph, in the same period. In particular, there were great declines both in 2002 and 2005, respectively.
3. Methodology and Data

The previous research on the self-reliance program is mostly explored using quantitative research methodology and it has arguably yielded rich and context-based data. This study, however, sought to provide detailed insight of the welfare program by utilising qualitative research methods. Since qualitative research methods, such as interviews and participant observation, are beneficial for examining the phenomenon (the participants’ current situation that they encounter) from the inside (Kim 1999), the participants’ everyday lives and experiences in the self-reliance program were focussed on. The participants were divided into two groups. One group consisted of
participants who took part in the self-reliance program, as the recipients under the NBLS Act, and the other group comprised the participants who worked for the self-reliance program centre as social workers. There were five self-reliance program training modules maintained at the centre that the researcher took part in for the participant observation. In order to avoid bias, two or three participants from each module were selected for the interview.

Empirical data was collected over a period of about six months. As a participant, I also observed many activities beyond the program and attended seminars, meetings and events to build closer relationships with the informants. Sixteen individuals were interviewed either one-on-one or in a group. Groups included no more than 3 people. Some participants stated preferring to talk in a group since they felt more comfortable to give their opinion. Interviews were held in the office of the self-reliance program centre because they felt more at ease and some of the interviews were held in a café or restaurant.

In addition, document analysis was used for examining the recent information with respect to the self-reliance program. Materials and data utilised for this study was gathered from: the Korea Association for the self-reliance program; National Statistical Office; Korea Institute for Health and Social Affairs and Ministry of Health, Welfare and Family Affairs.
4. Findings

With regard to two features of the self-reliance program mentioned above, three characteristics of this program were found and these will be summarized as welfare as a duty, reproduction of working poor and expansion of low-skilled labour (see Figure 1.3).

Figure 4.1 Framework

Initially, the participants join the self-reliance program in return for receipt of income support as an obligation, despite the aim of NBLS Act to ensure a right for receiving the welfare benefits. Namely, it is clear that the self-reliance program operates to enforce or constrain a low-skilled workforce by providing the participants with a minimum cost of living. Secondly, even though the working poor participate in the self-reliance program, most of them are still in poverty and this reveals that the number of the working poor will increase steadily. It can be surmised that those
defined as poor are less likely to work hard than other people for reasons, such as, illness, lack of willingness, and ongoing personal issues; or the fact that the self-reliance program does not provide them with the appropriate training or skills that the participants need. Finally, since the government does not provide regular skill training programs, the low-skilled labour market expands gradually as the number of the participants in the self-reliance program increases.

**Welfare as a ‘duty’**

What is notable about the operation of the self-reliance program is the emphasis on requirements or obligations without strong focus on the purpose for so doing. At first, many participants visit the village offices in their districts to look for paid work, then they are allocated to the self-reliance program centres. It depends not on their work capacity or skills but on the period of unemployment, history of receiving income support or allowance.

In particular, the participants who have a chronic health problem think that it is better to work for the self-reliance program and earn some money, even a minimum cost of living, as they know the difficulties in the regular labour market with their lack of work skills and experience. Educational allowance for their children is also one of the motivations for the participants to take part in the self-reliance program.

I came here because my aunt recommended me to join. She said that if I participate, I can receive some education expenditure support from the government despite it is handy to buy only some snacks for my children. <F>
Nevertheless, some participants argued that the work in the self-reliance program is not stable and permanent, and that they should leave the program in the near future. Some stated that if there is a chance to work outside of this program, they would move to an alternative job. The majority of the participants take part in the program to receive income support regularly, as well as, to find a way to escape poverty. A positive result from this program, as Saunders (2008) mentioned, that any job is better than staying on welfare, since work encourages people to get up in the morning and make themselves presentable and go to work (Saunders 2008: 14). However, the longer they have participated in the self-reliance program, the greater likelihood that participants are disappointed with the outcomes and effectiveness of the program. For the ‘Childcare Module’, the participants claimed that their working conditions were unfair, in relation to working hours and environment, because they do not receive pay over and above their welfare payment, and do not get any subsidy to cover transport and other work expenses.

As a consequence, the self-reliance program operates not as a ‘right’ for welfare that those defined as poor, but as an ‘obligation’ that the government pay benefits only to those people having spent a certain amount of time in labour of specified kinds.

*Reproduction of working poverty*

It is obvious that the self-reliance program has positive influences on the participants’ psychological self-support, such as, overcoming depression and helping them to find and hold down suitable jobs. However, it is also reasonable to indicate that it operates to reproduce the working-poor in some ways. It should be recognised
that the longer the period of participation, the smaller the number of participants who have self-confidence or a hope for a better life. In particular, the long-term participants firmly believe that it is impossible to work in a regular labour market after the training in the self-reliance program. In other words, the participants need more enhanced vocational skills to get a proper job and it would be unfair to expect them to accept low-paid, low-skill or casual employment (Saunders 2008:13). The agent, also, stressed this point, as below:

I agree with the aim and purpose of the self-reliance program and am sure that this welfare institution gives a benefit to those defined as poor since it encourages them to work and operates as a sort of treatment for psychological or physical illness. However, the government should provide more effective structures inside the self-reliance program which make the participants develop themselves and get out of poverty. We do not need the institution, which is good only for a person among hundreds of those defined as poor, but we need the one which encourages most of them to escape from the poverty, as well as, learn a skill for the future. There is no hope or bright future only if the people related to the self-reliance program make an effort to meet the estimated budget by the government. <C>

As can be seen in Figure 1.4, in relation to the number of the participants who escaped from the poverty successfully, the percentage of successful participants is generally declining until 2005. It also shows that total working poverty has grown as the proportion of the participants has risen.
Next, it is also imperative to indicate that the income support from the self-reliance program is not sufficient compared to their intensity of labour. A significant number of participants have difficulty in a tight budget for a living, and it is closely related to the internal structure of the program. According to the NBLS Act, the participants should leave the self-reliance program centre after one-year of participation, and the agencies need to pay a retirement allowance for the participants every year. However, in reality, the agencies cannot afford to pay for it under the inadequate annual budget for the self-reliance program. For this reason, the participants work for ten months and leave the centre for two months without receiving any income support, then return again. Some of the participants take casual work during that period but it depends on the labour market situation. Hence, it is difficult to improve the participants’ distressing situation, on the basis of the welfare
system, that focuses not on the participants, but the supplier, such as, the government or the welfare agency.

Expansion of low-skilled labour

It is apposite to note that the self-reliance program operates to manage a labour market in conjunction with controlling work condition and expanding the low-skilled labour market. As will be seen in the section that follows, there are three aspects on the roles of the self-reliance program in relation to the control of labour market.

Firstly, there is a contractual relationship between the agents (social workers) for the self-reliance program and the participants, and this causes conflict between the agents and the participants. Before the program was officially institutionalised, there was no contractual relationship between the agents and the participants, but it seemed to be an unofficial partnership. However, since NBLS Act has been introduced, the characteristics of the program have been changed from social movement to official institution under the control of government. In other words, helping those defined as poor in itself is not a fundamental purpose for the agents to work for the agency, yet they tend to approach the self-reliance program same as a private company and the participants as a target they have to meet. As a result of this contractual relationship between the agents and the participants, the participants feel that the agents control their workforce by using their status or authority.

Secondly, it must be stressed that the training programs for the participants are not adequate for the participant who are not ‘job-ready’. If they enter a regular labour market without sufficient training or work skills, they will be stigmatised as a low-
skilled labour force. Therefore, the participants need intensive support and long-term training before they are capable of doing a job of work. What is more, the participants waste their time to meet the requirement for the self-reliance program. For example, in order to complete the fixed working hours, the participants sometimes stay at the self-reliance program centre office without doing any work, if the agency does not provide any work or skills training. So, they also lose the opportunities to work for a part-time job or to learn new skills to compete in the regular labour market. In combination with inefficient skill training, the agents interviewed also commented that, in practise, the period of their participation (from at least a couple of months to two or three years) is too short for the participants to learn particular skills.

Finally, the self-reliance program needs to develop itself as a well-organized institution, especially, in order to encourage the participants’ desire to work. There is a tendency for a great majority of the participants to remain in the self-reliance program centre to receive income support or a living allowance, despite the fact that it is not quite enough, because they do not need to make a large effort or compete with others in the general labour market. The interviewees commonly argued that the longer the period of participation, the stronger the tendency to stay under the protection of the self-reliance program, even younger participants. Consequently, the self-reliance program should provide the participants with motivation to enter the regular labour market, not only through helping people get work but through hassling them to leave welfare. In other words, the shortage of investment in training and the failure to provide any benefits that could strengthen the financial attractiveness of work, needs to be overcome (Saunders and Naidoo 2007: 4).
5. Discussion and Conclusion

It is widely accepted that the 1997 financial crisis in Korea resulted in the expansion of the land of the Korean welfare policy and one of the representative systems for this welfare reform is the self-reliance program. Especially, the largest change is that the working poor became able to receive income support through participating in the self-reliance program. Since this program was introduced, there have been various voices speaking of the positive and negative impacts of the self-reliance program on the outcomes of the program. On the one hand, the advocates argue that it helps people get jobs by providing them with new skills, fostering their confidence and helping them search for employment. On the other hand, the opponents assert that the self-reliance program presses people to find a job by attaching conditions to their receipt of benefits and by pushing them to accept work placement.

As can be seen before this chapter, this study focused on the negative influence of the self-reliance program. At first hand, this study highlighted the compulsory aspect of the program that the participants should work to receive a subsidy from the government. Next, it was also found that the reproduction of working poverty has occurred, as more participants take part in the self-reliance program, because of the insufficient income support and ineffective management system. Finally, this study demonstrated the expansion of low-skilled labour. With regard to other two negative influences, it will eventually cause to expand the low-skilled labour market, if the self-reliance program’s participants cannot escape from a poverty trap as quickly as they can. Hence, this study concludes that the self-reliance program, in which its characteristics have been transformed from a social movement
to administrative policy, functions to worsen poverty, rather than to support those defined as poor to emerge from social exclusion.

It is clear that the self-reliance program has a great number of advantages and contributed to the development of Korean welfare system. This research, nevertheless, scrutinized some disadvantages because it would help with the process of policymaking for enhancing the self-reliance program. I take into consideration that this research would give a contribution for the self-reliance program centres to operate more effectively and would reflect the Korean productive welfare system itself, in spite of the short history.

I will complete this article by describing the limitations of this research. Only sixteen research participants could commit the Fallacy of Hasty Generalisation, since it is too few participants to investigate the whole system. However, I made an effort to look into the participants as closely as I could while I worked as a volunteer and sometimes the informal conversation, which I could not record were undertaken. It is essential to illustrate the self-reliance program centre I participated has a longest history with the self-reliance program centres in Korea and has a relatively stable management system and a large quantity of participants compared to other centres. Also, further research on the rural areas would be necessary since there is substantial regional and local variation.
6. References


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