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Research on Community-Based Enterprise Support Systems for Revitalization of Residential Environment Improvement

This study explores the problem posed by the disarray of procedures concerning relevant policies supporting community-based enterprises, which is a contributing factor to the inefficiency of the policies. Meanwhile, the Korean government has put emphasis on promoting community-based enterprises acting as an executive organization in the designated urban regeneration project areas, as these policies are not fully designed to distribute government finances in terms of being site-specific. As a result, this makes it harder to build close geographical relationships with urban regeneration project areas and social enterprises.

Therefore, the research aims to thoroughly investigate community-based social enterprises conducting residential environment improvement projects for the purpose of urban regeneration and community revitalization and proposes plans to improve associated policies.

Chapter 2 reviews and broadens the concept of community-based enterprises in terms of community participation and forms of sustainable community-led organizations in a framework of neighborhood regeneration, which include social enterprise, cooperative, community-based businesses as acting agents in

Korea. It also examines governmental-led social enterprise promoting policies that are driven by the Ministry of the Interior, the Ministry of Employment and Labor, and the Ministry of Strategy and Finance. Each policy has its own objective and management process and is unable to respond to the needs of the blind spots in the stagnation region, where government and market interventions have failed.

■ **There are only seven community-based enterprises implementing community programs and residential environment improvement projects**

〈Concept of community - based enterprises implementing residential environment improvement projects〉

Regional social and economic organizations contributing to regional society by actively resolving the residential environment issues of the neighborhood

※ Community-based enterprises here are not limited to community-based enterprises receiving the support of the community-based enterprise development support business by the Ministry of Government Administration and Home Affairs, but pertains to cases of contributing to the formation of communities while implementing the residential environment improvement projects in neighborhoods, such as by corporations, venture companies, self-supporting community-based enterprises, civic groups, community-based enterprises, cooperatives, and social enterprises receiving government subsidies.

To summarize, governmental-led supporting policies for the social and community-based enterprise sectors have some problems at the goal-setting level of the policy and coordination of political processes; First, three policies are well-designed to respond to the urban regeneration paradigm. Second, governmental finances are not delivered in the context of community(site-specific), and it makes it difficult to aim for harmonization of the activities giving back to the community and the ones creating more profits. Third, social enterprise education programs fall short of promoting specialized community-based businesses.

Chapter 3 shows that active social enterprises have seen an increase of up to 5,400 enterprises. But only 7 social enterprises are community-based ones that are carrying out dedicated community residential environment improvement projects and community-building initiatives.

Status of Community-Based Enterprises Implementing Residential Environment Improvement Related Businesses (based on 2014)

Company	Classification	Location	Certification and establishment	Main Businesses		
				Construction/renovation	Housing welfare	Community programs
Dasom Architectural Interior	Social enterprise	Muju, Gyeongbuk	2010	–	Housing repair for low-income households, energy efficiency improvement business	–
Human and Space		Yeosu, Jeonnam	2008	–	Housing welfare (Housing repair)	–
Cheonan Housing Welfare Center		Cheonan, Chungnam	2013	General construction business	Housing welfare business	–
Dream and Happy Work		Ulsan, Gyeongbuk	2010	Welfare environment improvement and remodeling	–	–
Nanum Housing		Seongbuk, Seoul	2011	Interior design business	Housing repair for socially disadvantaged class	Resident program
1chon Nanum Housing		Nowon, Seoul	2013	Interior design, Housing repair, facilities maintenance/management, building sanitation management	Energy efficiency improvement business Public rental housing renovation	Resident technical education
Mihang Housing Welfare Center		Mokpo, Jeonnam	2013	–	Housing repair for general households and low-income households, energy efficiency improvement business	–
Geumsan Housing Welfare Center		Geumsan, Chungnam	2013	–	Housing welfare business, residential environment improvement business for low-income households	–
Sangwoo Interior		Gimje, Jeonbuk	2012	General construction business	Housing repair for socially disadvantaged class	–
Hope Housing		Yeongdeungpo, Seoul	2010	Housing repair, interior design	–	–
Toad Housing		Eunpyeong, Seoul	2011	Housing improvement, urban restoration	Environmental improvement for low-rise deteriorated residential areas	Community formation
Bitgoeul Construction		Seo-gu, Gwangju	2008	Roof construction, interior design	–	–
Geumsan Housing Welfare Center		Geumsan, Chungnam	2013	Housing repair business	–	–
Comfortable House*		Hadong, Gyeongnam	2013	Housing renovation Building materials sales	Housing welfare business, energy efficiency improvement business	Free resident repair and resident technology education
Hammer and Brick		Gyeongju, Gyeongbuk	2012	Housing environment improvement business	–	–
Shin Design		Mungyeong, Gyeongbuk	2011	–	Residential environment improvement business for socially disadvantaged class	–
Jeju wooden Architecture	Cooperative	Jeju	2013	Wooden architecture	–	–
National Buildings Maintenance and Management		Nonhyeon, Seoul	2013	Construction	–	–
Machon1-dong Cooperative*		Songpa, Seoul	2013	Housing renovation	Housing repair, alley environment improvement	Community formation, tool rental business, resident marketplace operation
National Earth House Construction		Eumseong, Chungbuk	2013	Supply of earthen houses	–	–
Jeonbuk Housing Welfare Gaon		Jeonju, Jeonbuk	2013	Construction	–	–
Mindeulle Housing		Chuncheon, Gangwon-do	2013	Construction	–	–
Gangwon Housing Welfare center		Chuncheon, Gangwon-do	2013	Construction	–	–
Daeseong Housing		Chuncheon, Gangwon-do	2013	Residential environment improvement business	–	–
Hankuk Construction		Seongnam, Gyeonggi-do	2013	Construction	–	–
Jungso Construction		Yeongdeungpo, Seoul	2013	Construction	–	–
Community Construction		Geumcheon, Seoul	2013	Construction	–	–
Hankuk Outsourcing Business		Ansan, Gyeonggi-do	2012	Construction	–	–

Company	Classification	Location	Certification and establishment	Main Businesses		
				Construction/renovation	Housing welfare	Community programs
Dongnae Carpenter	Community - based enterprise	Seongbuk, Seoul	2011	–	Rotational public housing, remodeling of vacant and deserted houses, renovation for socially disadvantaged class, housing welfare business, energy efficiency improvement, housing environment improvement	Community formation, urban vegetable garden, community programs, resident education
Machon 1 Community Project*		Songpa, Seoul	–	–	Housing repair, alley environment improvement	Community formation, tool rental business, resident marketplace operation
Comfortable House		Hadong, Gyeongnam			Renovation for socially disadvantaged class, housing welfare business, energy efficiency improvement, housing environment improvement	Free house repair upon disaster, resident education
Insight-young		Dong-gu, Busan	2014		Remodeling of vacant and deserted houses	Community café, community program
Eoullimteo		Seodaemun, Seoul	–	–	–	Urban vegetable garden, eco-friendly park business
Good Village Ecology Community		Guro, Seoul	–	–	–	Urban vegetable garden formation business
Urban Ecology Agriculture Research Society		Goyang, Gyeonggi-do	–	–	–	Joint cultivation of abandoned land, urban vegetable garden
Seum Life		Uijeongbu, Gyeonggi-do	–	–	–	Urban vegetable garden, green village formation

*Overlapping cases in social enterprises and community-based enterprises

In-depth case studies were carried out for ‘Dongnae Carpenter’(Seoul Sungbuk-gu, community business), ‘Machon-1 dong Cooperative’(Seoul Songpa-gu, cooperative), ‘Sohaeng-joo’(Seoul Mapo-gu, self-supporting community business), ‘Insight-young’(Busan Dong-gu, community business), ‘Ichon Nanum Housing’(Seoul Nowon-gu, social enterprise), ‘Comfortable House’ (Gyeongnam Hadong-gun, community business), PJT OK(Seoul Yeongdeungpo-gu, Seoul sharing company). They are generally focused on residential improvement such as simple remodeling of houses, small parks, vegetable gardens, community facilities, community alleys, and vacant properties as well as residential welfare projects for lower-income groups with local governments on the given condition of densely developed aging and dilapidated residential buildings. Just like a start-up company that is 2-4 years old, their capability and capacity to incorporate with government and market needs are not overly developed. However, it was noteworthy to explore the possibility for the benefit of community rehabilitation and place-based urban regeneration.

Business Sectors and Organization Forms of Community-Based Enterprises Implementing Residential Environment Improvement Businesses

Cases	Organizational Form	Business Sectors
1 Dongnae Carpenter	Community-based enterprise	Renovation of dilapidated residential buildings, remodeling of vacant houses
2 Machon1-dong Cooperative	Community-based enterprise	Housing renovation, tool and equipment rental, used goods repair, exchange, and sales
3 Insight-young	Community-based enterprise (General enterprise)	Flat construction
4 Ichon Nanum Housing	Community-based enterprise	Remodeling of vacant and deserted houses, village scenery and alley organization

Cases		Organizational Form	Business Sectors
5	Sohaeng-joo	Social enterprise	Residential environment improvement for low-income class, remodeling
6	Comfortable House	Social enterprise	Housing repair for socially disadvantaged class, energy efficiency improvement
7	PJT OK	General enterprise (Enterprises shared by the City of Seoul)	Housing repair, real estate rental, share house community

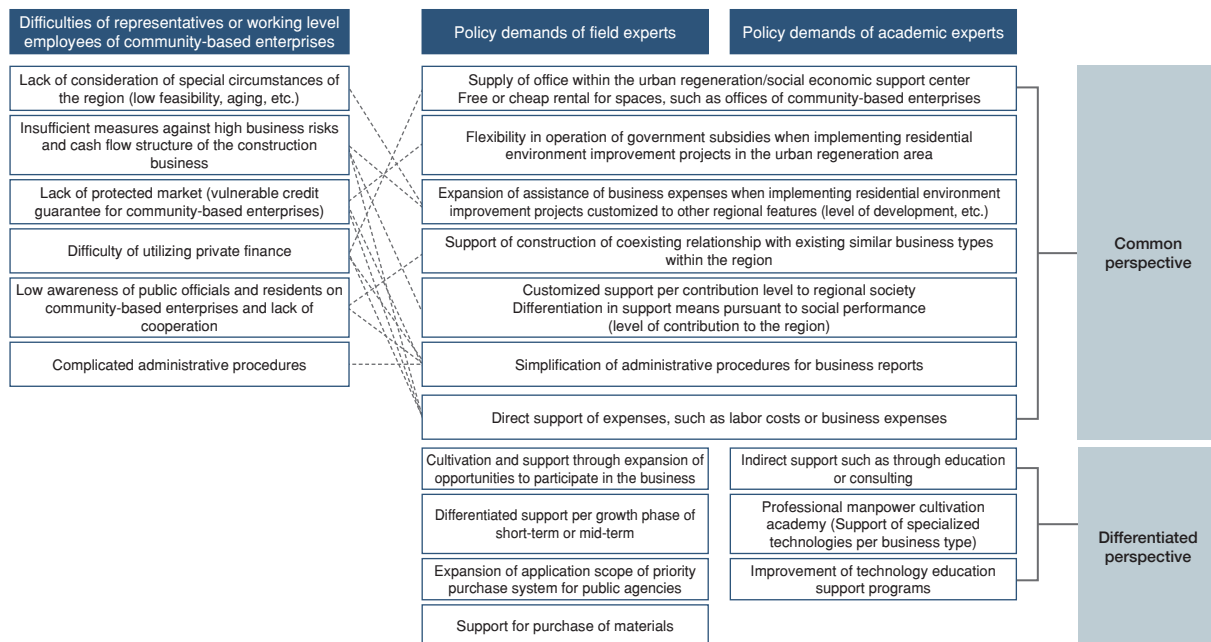
Chapter 4 analyzes in-depth interview and survey for the group of community business leaders, field specialists, government & municipal public officials, academic professionals, and residents as a consumer of community business services. The results show the recognition of a local resident and professionals regarding community enterprise's role of local economic revitalization, local job creation, community rehabilitation. Overall community enterprise are evaluated as sort of 'community model' contributing residential environment improvement, local job creation, local economic revitalization, and community rehabilitation.

Expert Opinions on Contribution Level of Community-Based Enterprises to Regional Society

Classification		Not helpful at all ↔ Extremely helpful					Sum	Grade
		1	2	3	4	5		
Living environment improvement	Frequency	1	4	6	21	16	48	4.0
	Ratio	2.1	8.3	12.5	43.8	33.3	100	
Local economy vitalization	Frequency	1	6	12	19	10	48	3.6
	Ratio	2.1	12.5	25.0	39.6	20.8	100	
Local job opportunities creation	Frequency	1	8	12	17	10	48	3.6
	Ratio	2.1	16.7	25.0	35.4	20.8	100	
Community vitalization	Frequency	0	4	9	24	11	48	3.9
	Ratio	0.0	8.3	18.8	50.0	22.9	100	

Comment: This is a survey result of over 25 experts composed of specialists in the social and economic sector, public officials in charge, and local activists (2014)

Interestingly, each group shows different problem posing and policy proposals as follows. They share the opinions on offering of a place designated for community-based enterprises, allowing for flexible management of government grants, differentiating incentives for community contributiveness, support for building a relationship of coexistence of similar industry, and simplifying administrative processes. However, they have quite different perspectives on the issues of expanding the opportunities for business participation, differentiating support by growth stage, allowing for a public preferential purchasing system, operating a more specialized technical education program, etc.

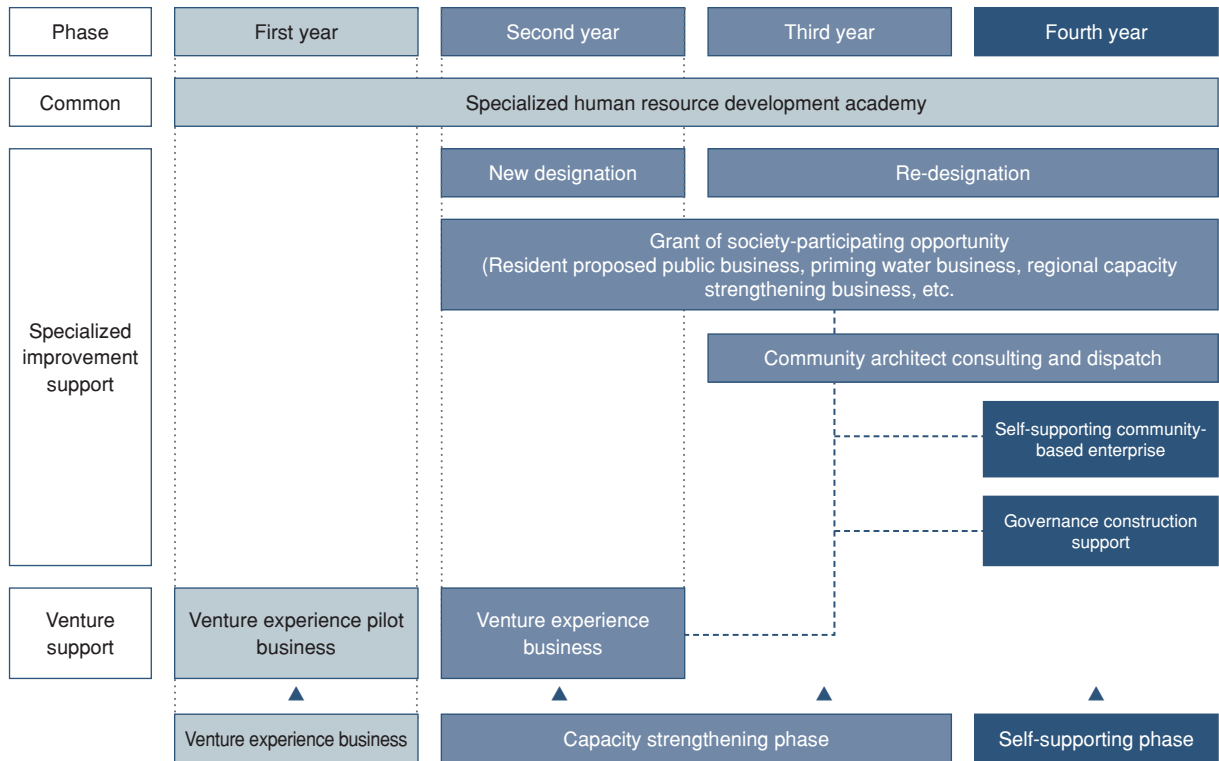


However, their independent foundations are not securely established. Price-earnings ratio of community-based enterprises shows how much they are financially depending on government policies.

Status of Sales and Profits in 2013 of Community-Based Enterprises (unit: KRW 10,000)

Cases	Organization type	Investments	Supported budget ('12-'13 cumulative)	Sales	Profits
Dongnae Capenter	Community-based enterprise	7,500	13,000	35,625	-2,915
Machon1-dong Cooperative	Cooperative	1,000	5,000	8,082	504
Insight-young	Community-based enterprise	25	8,000	8,000	1,000
1chon Nanum Housing	Social enterprise	—	13,364	290,396	6,403
Comfortable House	Social enterprise	4,000	13,089	80,494	-1,652

Policy suggestions are proposed pertaining to the aspects of an incubation program and incorporated policy procedures. First, it is essential to phase a community-based enterprise incubation program over the course of 4 years or more and allow for more opportunities to participate in government-led residential improvement projects. The incubation program would be more effective if it is specialized on pilot projects of business start-up experiences. This operation is mainly designed to increase the capacity of community-based enterprises and their financial independence. Also, this program suggests the dispatch of a community architect, who can educate, consult, and work in partnership in the business area of vacant property reuse, building design of a community library, guest house, community alley, community parking space, etc.

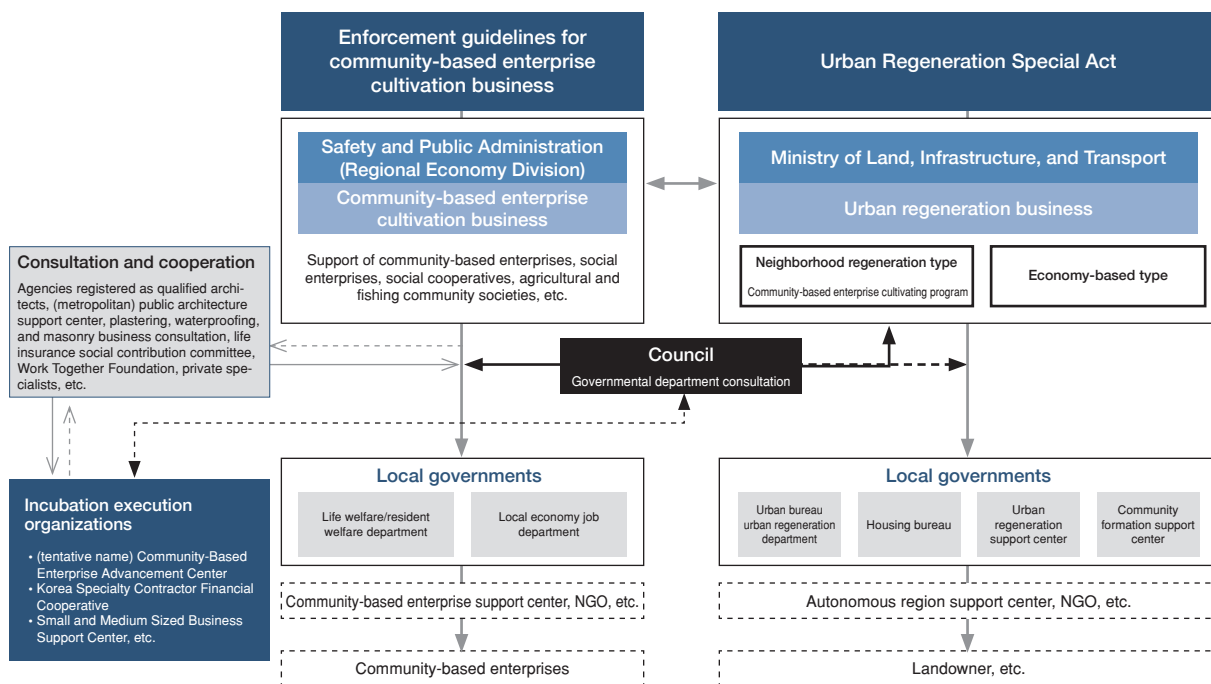


Incubation business operation method per growth phase of community-based enterprise



Construction service sectors of living environment and performing agent

Second, establishing a government collaboration system as an integrated supporting procedure of community-based enterprises is very critical, due to the policy rationale to support and allow incentives for community-based enterprises contrary to market enterprises being a community benefit. Therefore, the Ministry of The Interior, the Ministry of Employment and Labor, the Ministry of Strategy and Finance, and the Ministry of Land, Infrastructure and Transport should organize a united committee which has empowerment of the priorities of support, policy implementation, and supporting the governance of local government, community-based enterprises, similar industries, incubation facilitators, and other stakeholders in the community.



Example showing the method of preparing an integrated support system

Key words : Community-based enterprise, Social enterprise, Residential environmental improvement, Community contribution, Urban regeneration

