

Chapter 23

Experiences of Non-Profit Organizations in Korea: Development Challenges in an Emerging Economy

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ABSTRACT

Social, cultural, and economic aspects of a country decide the formation and development of the country's non-profit organizations. Examining Korean NPOs shows uniqueness in their birth characteristics, historical advancement, and current location. This chapter presents discussions on definitions and functions of Korean NPOs, their development history regarding political regimes, current situation which the organizations are facing, and opportunities to overcome the challenges. The democracy movement in the 1980s facilitated activities of NPOs and different political regimes have been providing diverse backgrounds for NPOs' performance. Currently, Korean NPOs are confronted with challenges in functional and managerial aspects. The authors propose facilitating the high internet usage of Korea into a power tool for NPOs and turning the attention toward clubs and societies as possible remedies for the difficulties. This chapter is expected to promote understanding of Korean NPOs and provide insights for the future development of Korean NPO literature.

INTRODUCTION

Activities and impacts of Non-Profit Organizations (NPOs) differ among countries. This is mainly caused by the unique characteristics of the economic and cultural environment in a country. This chapter will examine Korean experience regarding non-profit organizations. According to Organization for Economic Cooperation and Development (OECD) data, South Korea is a developed country; technological

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infrastructure is well-established as internet access of household is the highest among OECD countries as 97.3%, and the country continues investment for future as gross domestic spending on R&D is the highest as 4.3% of GDP (2016a, 2016b). Life expectancy of Korea is approximately 82 years, which is higher than OECD average (2015), and expenditure on education as a percentage of GDP is the third highest (2014a). However, examining OECD social welfare indexes shows another picture; Korea has the highest suicide rate (2015), the highest elderly poverty rate (2011), lowest government's expenditure on social protection (2013b), lowest fertility rate (2014b), and is the fourth lowest in work-life balance (2013a). These contradictory figures are closely related to Korean miracle, war-devastated Korea of the 1950s has transformed into a developed country in less than 50 years. In such a rapid growth government fails to satisfy the needs of the individual, thus, NPOs are expected to work in the areas which government could not care for (Weisbrod, 1988). In this context, NPOs are usually expected to work in the social welfare sector. However, unique characteristics of Korean development didn't meet this expectation and majority of NPOs' close relationship with government challenges the civilian initiative aspect of NPOs. Studying the NPOs in Korea will provide an opportunity to examine the development process of NPOs during an accelerated economic growth in a non-western context. In order to achieve this goal, this chapter examines the definitions of NPOs in Korea, their development, current situation, and challenges facing them. As a result of this, we aim to provide an understanding of distinctive characteristics of Korean NPOs, association of NPOs' activities and social indexes, and finally opportunities to overcome the current managerial challenges they are facing.

UNDERSTANDING NON-PROFIT ORGANIZATIONS IN KOREA

In this section, definitions and functions of NPOs will be presented, focusing on NPOs in Korea. Also two representative examples of NPOs will be explained.

Definition of NPOs in Korea

Before making a definition of NPO, it is required to propose the difficulty of choosing whether to use NGO (Non-Governmental Organization) or NPO in the study. This is due to the discrepancy among academics regarding the definition of Korean NGOs and NPOs. Because of this, the term NPO will be used during the whole study. But for the sake of not distorting the original approaches of the studies in the field, when citing studies, authors' terminology will be used.

The most widely accepted definition of NPOs is made by Salamon and Anheiner (1992a). They suggested that an organization have to bear five features to be considered in non-profit sector: Formal, private structure, non-profit-distributing, self-governing, and voluntary participation. In other words, when an organization has formal rules, non-government structure, organization profit which return for the organization itself, management level formed by organization members, and members who participated on their own accord, the organization is NPO. This broad definition will form our conceptual frame while examining Korean NPOs.

In Korean legal system, non-profit organizations can be divided into two categories; non-profit corporate body (*beyoungri bubin*) and non-profit non-corporate body organizations (*beyoungri mingan danche*) (Yi, 2013). As seen from the Table 1, non-profit corporate body has the legal character of non-public interest and it belongs to civil law. On the other hand, non-profit organizations are legal organizations

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