ORIGINAL ARTICLE

The Current Condition and Underlying Problems of Social Service in Korea

Taekyun YOO 1) Seongwon YUN 1) Myungji SEO 1) Sooyoung CHOI 1)

1) Soongsil University, School of Social Welfare

ABSTRACT

Social service, both in name and reality, was introduced in 2007 to make more jobs in Korea, along with its budget, workforce in this field increasing continuously. Despite its growth, social service in Korea has some concerning issues. One of them is that social service virtually caters only to the poor, and the other is the limited scope of social service to care services.

In this paper two solutions are suggested. First, eliminating the income standard when selecting beneficiaries so that more people can have access to social service. It can invigorate the market of social service and encourage both provider and consumer to exchange their service and demand. It can also respond to increasing social needs, and create decent jobs. Second, operating the social service in the same way as social security system. It can be more realistic, considering political and financial aspects.

This study has its limitations: that it considered only the two problems mentioned above. However, this study mainly covers rising social demands caused by economic depression, low birthrate, and the aging society.

<Key-words>

social services, job creation, new social risks, social needs, social insurance

ytk3471@ssu.ac.kr (Taekyun YOO)

Asian J Human Services, 2015, 8:20-33. © 2015 Asian Society of Human Services

1 This study was supported by the Korea Health Industry Development Institute through Social Services R & D Fund(201416081480).
I. Background

Since 2006, the Korean government focused on policy making in order to vitalize the social service sector by pursuing two main objects: One, to meet the demands for social service of Korean people, and two, to create jobs. Between the two objects, the government has been more concerned with the latter—creating jobs—because long-term unemployment was regarded as more imminent, since the appearance of new social risks\(^2\) from 1990s. Long-term unemployment is caused by change in industry structure; its center was shifted from manufacturing to service. Until the 1980s, manufacturing had been cost competitive because of cheap labor. However due to the influx of cheaper workforce caused from the collapse of the Soviet Union, the Chinese market economy, and market reforms of India, some countries including Korea that lacked manufacturing-base technique lost their competitiveness. After Korea turned to the service sector rather than manufacturing, workforce in service industry surpassed 50% out of national workforce since the 1990s. The service industry is intensive in terms of capital and technology, where machines replace low skilled workers. Consequently, they lose their jobs and experience, resulting in long-term unemployment. Low skilled workers in Korea have also experienced this, along with changed industrial structure. Korea is now facing a new social issue, long-term unemployment (Kang, Park, Kim, 2007; Park, Lee, Shin et al., 2013).

The Korean government has set a goal to create jobs and tried to foster the industry. The reason why social service was chosen for the goal was that social service’s coefficient of employment is 27.42, which is higher than the average coefficient of related industries 15.49 and 16.13 (press release from Ministry of Health and Welfare, 2014). Social service sector was thought to be more efficient to deal with the unemployment issue by the Ministry of Strategy and Finance. As a result, social service in Korea has begun collaboration with adjacent ministries such as Ministry of Health and Welfare, Ministry of Employment and Labor, etc.

Introduced in 2007, social service in Korea today is regarded as a national industry, its budget increasing continuously. The budget of social service was 750 billion KRW in 2014, which is almost double the budget of 2008 (386 billion KRW), which was when the social service program was initiated. The number of beneficiaries was 480,000 and personnel providing social service was 100,000 in 2014, which also increased drastically compared to 2008\(^3\). Along with the improvement in quantity, the quality of the service has improved as well. The major changes were the introduction of the electronic voucher (E-Voucher) payment system, and the establishment of the Social Security Fundamental Act\(^4\).

Despite the growth in quantity and quality, social service industry has some flaws.

\(^2\) New social risks refer to low birthrate, aging society, and long-term unemployment in this study.
\(^3\) www.socialservice.or.kr.
\(^4\) This will be covered in next chapter.
There are two main problems of the social service industry in Korea. First, social service mainly targets the poor. Second, social service is concentrated only on care service. First of all, the current social service offered by the Ministry of Health and Welfare has been developed from traditional welfare programs targeting vulnerable groups or public services involved with selection criteria. Income is a standard considered to select beneficiaries for most services (100-150% of national average income). It allows social service to be regarded as another public assistance program, reaching further than its original target, the poor (Yoo, 2014).

Additionally the range of social service is limited to simple services like care services. The current situation of the social service market in Korea does not possess the structure that enables service providers to offer various services that can meet diverse needs, because the market has been evolved entirely with the E-Voucher system of the government. The Korean government is unwilling to increase budget, which would make impossible of an affordable system. In this situation, there is a limit to entice professional providers who can offer high quality services (Jung, Park, Kim et al., 2006; Lee, 2008).

Due to these two problems mentioned above, social service implemented in Korea is not responding properly to the social demand, which is growing day by day. High suicide rates among all ages in Korea are evidence to the decline of the social service system. Korea has the highest suicide rate among OECD countries meaning that the significant number of Korean people have heavy psychological burden, which can be difficult to maintain. It also means proper service to cover this issue is necessary. In this study, current situation of the social service will be reviewed, focusing mainly on the two flaws mentioned above, along with possible solutions to counter these known flaws.

II. Social Service of Korea

1. Development process and the current situation of social service in Korea

The development process of social service in Korea can be divided into two periods: the beginning and extension period (2006~2010) for social service, and the legislation period (2011~) for social service (refer to <Table 1>). A major feature from the former period is the introduction of the E-Voucher system. The Ministry of Strategy and Finance performed the supply and demand survey on social service in 2006, as a basic investigation for the introduction of social service. According to the results of the survey, the Ministry of Strategy and Finance planned the job creation strategy through social service sectors. The Service Planning Group, was constituted to carry out the strategy. In 2007, the Ministry of Health and Welfare established the E-Voucher system for operating social service and set up the Management Center for Social Service to manage

---

5 OECD.STAT, Health Status Data(extracted in Sep.2013), Statistics and Indicators for 33 Countries.
6 This group is taskforce team organization consist of 22 people from related ministries; Ministry of Strategy and Finance, Ministry of Finance and Economy, Ministry of Education, etc.
the system. E-Voucher was introduced to improve administrative effectiveness of the operation and function of the social service market. Before E-Voucher was introduced, the delivery process was a vertical structure with a central government. Because of an enlarged social service sector, raised supply cost, a shortage of workforce in this field, and a financial burden for the local government, a new type of delivery process was needed (Lee, 2011).

<Table1> Development process of the social service in Korea 2006~2014

| Period                        | Year | Contents                                                                                                                                 |
|-------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------|
|                               | 2006 | ▶ Demand and supply survey on social service and strategic report on social service and job creation                                       |
|                               |      | ▶ Amendment of 「Social Welfare Service Act and Enforcement Regulation」 (Mar 7, 2007): Revise related regulations as to implement E-Voucher system. |
|                               |      | ▶ Enactment of Long-term Care Insurance for the Aged (Apr 27, 2007) and Innovative Community Service Project                             |
|                               |      | ▶ Implementation of E-Voucher system: the elderly care service and personal assistance service for the disabled (May, 2007), community      |
|                               |      |   social service investment (Jul, 2007), caretaker service for postpartum women and infants (Jan, 2008), daily help and caregiver service (Sep. 2008) |
|                               | 2007 | ▶ Implementation of long-term Care Insurance for the Aged (Jul 1, 2008)                                                                   |
|                               |      | ▶ Announcement of the strategy for expanding and developing social service (Sep 18, 2008)                                               |
|                               | 2008 | ▶ Implementation of rehabilitation service for disabled children and childcare service with E-Voucher                                  |
|                               |      | ▶ Plan preparation for expanding and developing social service                                                                          |
|                               | 2009 | ▶ Reorganization of local government social work system “행복음”                                                                         |
|                               |      | ▶ Implementation of verbal development support service with E-Voucher                                                                      |
|                               | 2010 | ▶ Integration on Social Service Management Center into Korea Social Welfare Information Service managing social service and E-Voucher      |
|                               |      | ▶ Enactment of Act on Social Service Utilization and Voucher (Aug 4, 2011)                                                              |

7 It was the way that central government issue the guidelines and deliver subsidy to local government and local government outsource the business and finally providing institution of service to consumers.
| Year | Event |
|------|-------|
| 2012 | Amendment of 「Social Security Fundamental Act」 the 4th clause of Article 3 (Jan 26, 2012)  
Implementation of 6 types of businesses under Ministry of Health and Welfare: personal assistance service for the disabled, caretaker service for postpartum women and infants, visiting service for daily help and nursing, community social service, and rehabilitation service for disabled children  
Enforcement of Act on Social Service Utilization and Voucher (Aug 5, 2012)  
Transition from assignment system to resister system for 4 business: caretaker service for the elderly, caretaker service for postpartum women and infants, community social service investment business, and visiting service for daily help and nursing |
| 2013 | Setting goals to provide vouchers and to improve the quality and satisfaction of users of the social service (Mar 21, 2013)  
Excavation of the disadvantaged and reinforcement of welfare service support (Dec 10-14, 2013) |
| 2014 | Advance notice of amendment of Enforcement Regulation of Act on Social Service Utilization and Voucher (May 2, 2014)  
Amendment of Enforcement Regulation for holiday of family with dementia patient |

Source: Ministry of Health and Welfare (revised from a news release)  
Yoo (2014) revised from presentation material in International Conference on Social Security

The E-Voucher system works as such: the voucher is given to beneficiaries in a form of cash card and every process such as signing up, utilizing the service, and paying the cost is processed and recorded through an electronic system. E-Voucher poses several advantages. First, information for the service can be accumulated without any omission, so that wrong provision or overlapping benefits can be mitigated. Also, administrative cost spent on voucher distribution can be reduced. This system enables users to utilize the services more conveniently by linking voucher cards with users' credit cards or cash cards so they can deal with any extra costs charged directly to users or additional purchase. In other words, the E-Voucher system is beneficial to both consumers and providers, making service more accessible and effective.

The main feature from the period of legislation of social service is to establish legal framework for operation social service by amending Social Security Fundamental Act in

---

* Refer to Ministry of Health & Welfare (2014). Instruction Material for Social Service. Oct. 15.
In the revised act, ‘social service’ became more comprehensive than previous ones, combining things defined as social service with related welfare program and adding some scheme (Nam, 2012). The term ‘social service’ has been used widely since the early 2000s, but an agreement on its definition has not been reached yet. Social service had been sometimes related to job creation, and as a delivery method of welfare service, causing confusion, (Nam, 2012) but is defined more apparently with amendment in 2012, embracing relevant matters. Before the amendment in 2012, ‘social welfare service’ was separated from ‘relevant welfare scheme’, but these were integrated and called ‘social service’ after the amendment. The phrase ‘right to a life worthy of human being’ came under the social service so that it could become more concrete. The amendment settled a controversy about social service and established its legal basis (see Table2).

| Before the amendment | After the amendment |
|----------------------|---------------------|
| “Social welfare service” refers to the system which provides people who need assistance from the central and local government, and private sector with services such as counseling, rehabilitation, job placement, use of social welfare organization as to ensure their sound social life. (Line 4 of Article 3) | “Relevant welfare system” refers to the system ensuring a living worthy of human dignity in health, habitation, education, and employment sector. (Line 5 of Article 3) |
| “Social service” refers to the system to ensure a living worthy of human dignity by providing people who need any help from government, local government, and private sector with services relative to health, education, employment, habitation, culture, and environment and to improve the quality of people’s life by providing counseling, care service, information offering, use of social welfare organization, competence improvement, social participation. (Line 4 of Article 3) | |

Source: Nam(2012) <Table 1> quotation in part, pp. 82.

Social service today has been formed through the process above. Now, social service implemented by the Ministry of Health and Welfare consists of 6 types of services\(^9\) and its budget was about 749.2 billion KRW, and 102,379 people are working in this field. <Table3> shows the contents of each program, target users, and eligibility. Two problems mentioned in the background chapter can be found from the <Table3>.

According to the table, eligibility has demographical standards such as age, household

\(^9\) See <Table3> Social service in 2014 implemented by Ministry of Health and Welfare
type, disability and so on. On top of that, income level is considered as well. For example, someone who fulfils the demographic standard but whose income exceeds a certain limit cannot utilize the service. This implies that social service functions as another sort of public assistance program. Also, most service is concentrated in care service for the elderly, disabled, and children.

### Table 3: Social service in 2014 implemented by Ministry of Health and Welfare

| Program                     | Purpose                                                                 | Beneficiary | Eligibility | Budget (million KRW) | Number of user | Number of providing institution | Number of provider |
|-----------------------------|-------------------------------------------------------------------------|-------------|-------------|-----------------------|----------------|---------------------------------|-------------------|
| Total                       |                                                                         | -           | -           | 749,020               | 479,770        | 7,834                           | 102,379           |
| The elderly care service    | · Ensure stable living conditions for the elderly by providing them with various welfare service such as safety confirmation, education for living, housework support, service linkage, day care service, etc. | -           | -           | 86,837                | 46,785          | 1,441                           | 12,470            |
| Service Type                | Description                                                                                                                                                                                                 | Eligibility                                                                 | Cost (national average income) |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------|
| **Visiting Service / Day Care Service** | · (Visiting Service) Help having meal, washing, dressing, moving, using toilet, buying necessaries, enhancing physical function, cleaning, laundry.  
· (Day Care Service) Offer mental and physical recovery service: leisure program and functional training including physical therapy, work treatment, speech language therapy. Offer day care service with providing meal, bath, counseling and education service for the elderly. | The elderly aged 65 or more or Less than 150% of national average income or Non-rated A, B class of LTCI | 85,094 or 41,080                |
| **Short-term Daily Help Service** | · Help having meals, dressing, moving, buying daily necessities, cleaning, and laundry.                                                                                                                    | The living-alone elderly aged 65 or more OR The elderly couple both aged 75 or more | 1,743 or 5,705                 |
| Services                                                                 | Description                                                                 | Eligibility                                                                 | Cost                                                                 |
|------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|
| Personal assistance service for the disabled                            | • Provide the physically and mentally disabled with personal assistance, along with disability degrees so that they can have sound social and daily life. | 1st-2nd grade registered disabled people aged 6-65                          | No consideration of household income level                            | 407,589 | 54,000 | 929 | 39,096 |
| Development/Rehabilitation therapy for disabilities                    | • Provide disabled children in the growing period with development/rehabilitation service to improve cognition, communication, adaptive behavior, and movement sensation function. | Disabled children aged under 18                                             | Less than 150% of national average income                             | 60,811 | 42,000 | 1,521 | 5,247 |
| Language Development Support                                            | • Help the growth of children with parents who have disabilities             | Non-disabled children under 18 years old whose both parents are registered disabled with visual or hearing impairment | Less than 100% of national average income                              | 1,930 | 1,200 | 531 | 359 |
| Counseling service for parents of developmental disability            | • Alleviate psychological burden of parents of developmentally disabled     | Parents whose kid is developmentally disabled                               | Less than 100% of national average income                              | 1,608 | 2,500 | newly made in 2014 |


### Social service investment business by local community

- Respond to the certain needs of local residents and reflect regional characteristics through autonomous kinds of social service

| A. Visiting care service | · Assist with home health care and household chores so they can lead relatively normal lives and have more self-reliance. | · Offer jobs with high public interest | Living on the National Basic Life Security System within the lower income bracket | 17,752 | 8,890 | 493 | 3,633 |
|--------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------|-------|-------|------|-------|
|                          | Aged under 65 who need nursing service |                                                                                           |                                                                                   |       |       |      |       |
| B. Mother-infant help service | · Dispatch caregivers to assist postpartum mothers and newborn babies in maintaining their health | · Alleviate financial burden of the household with childbirth | Household with childbirth (including stillbirth) | 27,289 | 64,656 | 275 | 3,285 |
|                          |                                                                                           |                                                                                           |                                                                                   |       |       |      |       |
| C. Local social service investment business | · Develop local service and create jobs through the various serves to respond to demands under the varying conditions of different region with E-Voucher system. |                                                                                           | Local residents                                                                 | 145,204 | 259,739 | 2,644 | 38,289 |

Source: [www.socialservice.or.kr](http://www.socialservice.or.kr).

Yoo(2014) revised from presentation material in International Conference on Social Security
2. Problems and solutions of social service in Korea

The problems of the social service are one, that only low-income personals can use this service, and second, that the main content of the service is just care service. These two are indivisible and result in mismatch between growing social demands and social service. Social service was introduced to cope with new social risks that public assistance or social insurance cannot cover adequately, and so that whoever requires the service should be able to utilize it, regardless of the level of income. Since income level is considered as one of the standards for service eligibility for the service, it is hard to find appropriate services in the market for those who don’t fall into the category of low-income. If they can, it would be still limited, for they would be required to cover the entire cost. As a result, the demands of the middle class are being neglected. The fact that the suicide rate of Korea is the highest among OECD countries reveals that social service today is not meeting the demands of the majority. Demand for social service is virtually increasing gradually. According to the supply and demand survey for social service conducted in 2012, more than 65% of respondents said social service offered by national level is necessary, and 67.2% said they can pay extra tax if it were to be used for such service. Also 90% of respondents said that quality of life is related to social service usage, and 80% of respondents thought social service could improve the quality of life (Park, Lee, Shin et al., 2013).

Furthermore, these problems hinder job creation as well. Social service in Korea is entirely dependent on the government’s budget (Jung, Park, Kim et al., 2006; Lee, 2008). Within the boundaries of a limited market like this, providers are likely to offer plain services meeting limited demands at a low cost. In conclusion, it is hard to entice providers with specialty and decent services (Jung, Park, Kim et al., 2006, 2006; Lee, 2008). Considering the standpoints mentioned above, what alterations within the structure of Korea’s Social Services should be made in order to meet social demands? To begin with, the Social Service Market needs to evolve into a market where quality service can be supplied (Yoo, 2014). This sort of market shift, in advance, requires abolishing examination on beneficiary’s income—which guarantees accessibility to all of those with social needs. Social Service Industry focused on providing low paying, short-term jobs for the unemployed poor class in its early stage. Most jobs were for irregular workers, which lasts less than a year, where this phase continues unchanged until today (Park, 2012). This is no proper solution to new social risks such as unstable employment or long-term unemployment. Instead, jobs that are long-term and stable need to be provided.

If social service is more available to potential consumers who are not being considered under the current system, the social service market can develop into a broader one. Enlarged demands supplemented with affordable consumers will give motive to potential suppliers willing to provide quality service. Through flowing reciprocate process between consumers and suppliers, the government can then be freed from playing a crucial role.
within the social services market (See Figure1). Today’s suppliers of short-term low paying jobs, aided with government funding, will have to adapt to structural changes of the market where decent jobs are guaranteed. Furthermore, suppliers will perspire to develop diverse services in order to hold the competitive edge; whereas consumers will be able to select and receive services of their taste, provided with a wider scope than just care services.

Taking this a little further, incorporating social services into the social security system can be another plausible solution (Yoo, 2014). As mentioned above, eliminating income examination is a solution that embraces potential beneficiaries, taking the welfare state closer towards universal welfare, and effectively invigorates the social service market. However, alleviating beneficiary standards still rely on the system where government plays a crucial role on social service market by aid. Therefore, if financial stability and political viability is taken under consideration, including social services within boundaries of the social security system is a much more down-to-earth solution (Yoo, 2014). The fact that Korea implemented the Long-Term Care Insurance since 2007 gives hope to a solution of this sort. Long-Term Care Insurance provides social services for senior citizens over the age of 65, and is currently a part of the social security system (Refer to National Health Insurance Service Website). By experiencing Long-Term Care Insurance, Korean people now recognize social services as a means to solve their social risks (Yoo, 2014). As a consequence, inclusion of other sorts of social service to the social security system can be considered.
This study viewed the current condition and underlying problems of social service in Korea. Today, the world is going through economic downturns resulting in decrease of decent jobs, and Korea is no exception. Korean government is striving for job creation in many areas of expertise, inducing job creation especially on the social service industry by increasing subsidy and workforce (Park, 2012). Despite the outcome, however, Korea’s Social Service structure holds many drawbacks as follows: First, its consumers are strictly restricted to the poor, ignoring social needs of the non-poor. Second, care service is the only type of social service available, failing to respond to different types of social needs.

Two solutions were suggested in order to solve the problems mentioned above: First, eliminating income examination when selecting beneficiaries of social services can invigorate the market. Improving accessibility to a potentially larger group of consumers and suppliers can stimulate greater reciprocal exchange within the market. The second solution is to consider including social service as part of the social security system. When political viability and financial stability is taken under consideration, a solution of this sort sounds both plausible and realistic. Also, Long-Term Care Insurance introduced in 2007 is living proof that gives hope to this solution. If this solution were to be adopted, political consensus needs to be reached beforehand; then afterwards discuss of its management, and organization in detail.

This study mainly focused on the two most crucial problems of Korea’s social service rather than an overall sketch of it. Therefore, the two solutions mentioned above cannot be the solution to all. However, this study is expected to contribute to solving the anticipated future social needs coming from economic depression, low birthrate, and aging.
Reference

1) Chanseop Nam(2012) Meaning and Conceptual Tension Contained in the Definition of Social Service Prescribed by Recently Amended Framework Act on Social Security. Korean Journal of Social Welfare, 64(3), 79-100.

2) Eunjeong Kim (2013) Current Issues Regarding Social Service Policies in Korea. Korean society and public administration, 24(1), 111-136.

3) Hyekyu Kang, Sekyung Park & Hyoungyong Kim (2007) Enlargement Study on Social Service: Demands for Social Service and Policy Agendas. Ministry of Health & Welfare.

4) Inyong Park (2012) The Current Situation and Countermeasure of Social Services jobs. Korean Administration Political Studies Korean public administration and policy review, 10(3), 91-115.

5) Jaewon Lee (2008) Financial Relation between Governments and Block Grant: Grants-in-aid for decentralization, National Balanced Growth Special Account, and Community Social Service Investment Program. Korean Association for Local Finance Seminar Material, 2008(4), 23-49.

6) Jaewon Lee (2011) Development Process and Revitalization Agenda for Social Service Policy. Local Government Institute, 15(4), 333-359.

7) Kiyong Yang (2013) Changes in Social Service Provision and Public Interest: Focusing on Local Social Service Governance. Korean Association for Public Management, 27(1), 89-114.

8) Kyunghee Jung, Sekyung Park, Yongson Kim, Eunyoung Choi, Yunkyeong Lee, Hyeonsu Choi, et al. (2006) Policy Issues and Strategies Regarding Social Services in Korea. Korea Institute for Health and Social Affairs.

9) Ministry of Health & Welfare (2014) 2013 Presentation on Research Results of Social Service Demand∙Supply. Refer to press release.

10) Ministry of Health & Welfare (2014) Instruction Material for Social Service. http://www.socialservice.or.kr

11) Saekyung Park, Jungen Lee, Sumin Shin & Nanju Yang (2013) Research on Social Service Demand, Supply: Basic Analysis Report. Korea Institute for Health and Social Affairs, 13-86.

12) Taekyun Yoo (2014) Presentation material from International Conference on Social Security, Korea. China. Japan.