# Distorted Policy Transfer?

# South Korea's Adaptation of UK Social Enterprise Policy[1]

Chisung Park, Chung-Ang University

Jooha Lee, Dongguk University

Mark Wilding, University of Salford (Corresponding Author[2])

**Abstract**

This study draws upon communicative processes in policy transfer to consider the ways in which policy may be adapted to context or distorted. The theoretical framework is used to investigate exactly what the South Korean government borrowed from UK social enterprise policy. Despite claims that the UK was the source of both the general policy direction and the particular regulatory device, the Korean government did not learn about the specific contexts of the British policy, nor attempt two-way communication with domestic stakeholders. Rather, the UK policy was interpreted in accordance with the Korean government's own ideas about how to utilize social enterprise. Historical legacies of top-down decision making played an important role in this process, as did the state's role as a regulator which mobilizes the private sector to achieve policy goals. The consequences have been negative for those organizations refused social enterprise status under the Ministry of Labor's strict approval system, as well as for the original target population: the socially disadvantaged and vulnerable. It is suggested that the model advanced may help to illuminate the reasons why some borrowed policies differ considerably from the originals, and the use of policy transfer as a means of legitimization.

Key Words: policy transfer, legitimization, social enterprise, South Korea, UK.

---

[1] Draft version, post review. Please note that a number of minor changes were made prior to publication. The latest version, published in *Policy Studies* can be obtained from http://www.tandfonline.com/doi/full/10.1080/01442872.2016.1188904

[2] Contact: m.a.wilding@salford.ac.uk

# Distorted Policy Transfer?

# South Korea's Adaptation of UK Social Enterprise Policy

It is no secret that policymakers draw inspiration and borrow from other locations when developing new policies. During the process of formulating social enterprise policies and legislation, the South Korean government, think tanks and academics showed considerable interest in the policies and laws of other countries including, among others, the UK (e.g., ML, 2006; Uri Party, 2006; Chung and Song, 2010). Within the field of public policy, the policy transfer framework has made considerable progress in analyzing the way that this kind of interest may result in the borrowing of policies (e.g., Dolowitz and Marsh, 1996, 2000; Evans and Davies, 1999; Stone; 2001, 2004, 2012; Evans, 2009; Marsh and Sharman, 2009; Benson and Jordan, 2011). Although policy transfer research has long stressed hybridization (Dolowitz and Marsh, 1996), a criticism is that there is a tendency in the literature to privilege the role of government over other actors or stakeholders (Peck, 2011; McCann and Ward, 2012; Stone, 2012). Still, there are studies which emphasize the role of domestic policy actors in embedding transferred policies in their new contexts (Stone, 2001; Ladi, 2005, 2011).

The present study attempts to complement and advance understanding of the movement of policies through investigating how and why policies may be distorted in the policy transfer process. In doing so we aim to contribute to the understanding of communication in policy transfer, and its role in adapting policies to context (Wolman and Page, 2002; Johnson and Hagström, 2005; Park *et al.*, 2014). In some cases of policy transfer, learning about original policy contexts takes place and feedback is received from stakeholders, but in others, learning and feedback may be at a minimum (Marsh and Evans, 2012; McCann and Ward, 2012). We suggest that focusing on communication can aid understanding of processes that are often overlooked in policy transfer research, including the reconstruction of borrowed policies in ways that renders them almost unrecognizable, and the invocation of policy transfer as a means of legitimization.

This framework is then used to analyze a claim of policy transfer. It has been stated, both by the Ministry of Labor (ML) and the then ruling party, that the Korean government referred to experiences in Western countries, such as the UK, the USA, Italy and France, when establishing the social enterprise law (ML, 2006; Uri Party, 2006). The official Korean government website for social enterprises also cites the British model, along with the American, as particularly influential (Korea Social Enterprise Promotion Agency, 2013). More specifically, research published by a Korean Ministry of Health and Welfare affiliated think tank claims that the approval system (the means of regulating social enterprises) is based upon the UK model (Bae, 2007). Korea does have a history of referencing British policies, for example Hahn and McCabe (2006) highlight how the Korean government was influenced by its British counterpart's approach to developing the third sector, and so these claims are worthy of further investigation. Although the UK represents just one location that the Korean government may borrow ideas from, an exploration of these processes may contribute to a more general theory of how policy transfer takes place through the process of 'analytic generalization' (Yin, 2002). This research is grounded on a wide range of primary and secondary resources including government reports, newspapers, published articles and secondary datasets from several organizations.

The main research questions are: In the process of policy transfer, did the Korean government distort British social enterprise policy? If so, how and why did this occur? In seeking to answer these questions, particular attention will be paid to two ways in which borrower governments can manage the policy transfer process (i.e., 'democratic' and ‘distorted’ transfer). The next section of this study draws on debates in the policy transfer literature to develop an analytical framework to understand the role of communication in the policy transfer process. The study then investigates the case of Korean social enterprise policy. In the final section, the implications of the case analysis are discussed, and a conclusion is offered.

## Theoretical Section

### *Policy transfer: International and domestic considerations*

In approximately the last twenty years, along with studying policy at the national level, a much wider approach has begun to be taken. Policy transfer has been a key part of this shift, as researchers have attempted to not only improve understanding of policy inter-connectedness, but also the processes involved in the movement of policy. Building upon earlier concepts, including policy diffusion (Walker, 1969; Berry and Berry, 1990) and policy convergence (Bennett, 1991), policy transfer received attention from a number of researchers from the 1990s (e.g., Dolowitz and Marsh, 1996; Evans and Davies, 1999; Stone, 1999). Dolowitz and Marsh define policy transfer as ‘the process by which actors borrow policies developed in one setting to develop programmes and policies within another’ (1996: 357). Learning has long been an important consideration, most obviously in processes labelled policy learning (May, 1992), lesson drawing (Rose, 1993) or social learning (Hall, 1993). Indeed, Evans (2009: 244) distinguishes policy transfer from policy convergence by suggesting that the study of policy transfer ‘should be restricted to action-oriented intentional learning: that which takes place consciously and results in policy action’.

It is important to note that the creation of hybrid policies, rather than simple duplication, has long been emphasized in the literature, with the subjects of transfer being seen to range from specific policy instruments, techniques and institutions, to policy goals, ideologies or even negative lessons (Dolowitz and Marsh, 1996). In this sense the policy transfer literature moved on from policy diffusion's emphasis on patterns of adoption through focusing on agency and the 'domestic and international circumstances that are likely to bring about policy transfer' (Evans, 2009: 243). Still, a tendency to focus on government to government exchanges to the detriment of markets and networks has been identified (Peck, 2011, McCann and Ward, 2012; Stone, 2012).

Policy transfer research has matured considerably, however, paying increasing attention to both the level of complexity involved and the importance of context in the transfer process (see Marsh and Evans, 2012). Seen from this perspective, domestic policy transfer processes can be viewed as the adaptation of a candidate policy for transfer according to domestic circumstances within borrower country policy networks (Stone, 2004; Ladi, 2005; Park *et al.*, 2014). Although there are a variety of policy actors involved, these can be categorized as (1) 'borrower' and 'lender' governments (including bureaucrats, politicians, affiliated agencies and think tanks) and (2) policy stakeholders (such as nonprofit organizations, businesses, interest groups, civil associations, and citizens in general). It is important to note that although policy transfer can be initiated outside of government, for public policies or programmes to take shape, government is required to play a role. Although we refer to borrowers and lenders as governments, we seek to understand not only government to government processes, but also how transferred information is processed in borrower countries and the relationships with domestic policy stakeholders.

When it comes to embedding a transferred policy, political-systemic characteristics of the borrower government and the role of domestic policy actors should not be underemphasized (Ladi, 2005). More specifically, domestic policy circumstances are crucial to understand the outcomes of policy transfer – how transferred knowledge is used or interpreted – because ‘power dynamics of political interests and the socio-historical make-up of a polity’ within a borrower country help to decide what is learned and how the transferred policy is used (Stone, 2012: 485). In other words, the learning process in policy transfer ‘concerns how knowledge is used and deployed by political actors to facilitate learning’ (Dunlop and Radaelli, 2012: 601).

In addition, from the policy-oriented learning perspective, uncertainty in identifying the (domestic) policy situation significantly influences how the policy being transferred is interpreted and employed. If the policy goal or problem is clear, knowledge of other policies as potential solutions can be used to improve collective learning through deliberative processes or as evidence to persuade stakeholders due to a broadly shared understanding, which makes it possible to minimize differences of opinion from diverse stakeholders (Dryzek, 2000; Evans, 2009). In contrast, if the policy problem or goal is uncertain, powerful policy actors such as bureaucrats and/or politicians have more room to influence how transferred policy knowledge is (re)interpreted. In this way, policy preferences of government (or politicians) can play a key role (Ladi, 2011). More specifically, policy transfer can be used as ‘a political strategy aimed at legitimizing conclusions that have already been reached’ (Evans, 2009: 245). Under these circumstances, the role of epistemic actors (i.e., think tanks) in the borrower country ‘is less educative and more legitimating, as they reinforce policy makers’ positions’ (Dunlop and Radaelli, 2012: 602).

*Policy transfer as communicative processes*

At times implicit or taken for granted, communicative processes are nevertheless essential to policy transfer (Wolman and Page, 2002; De Jong and Edelenbos, 2007; Park *et al.*, 2014).

Considering policy transfer as communicative processes (i.e., knowledge exchanges between diverse policy actors such as producers, senders and recipients) offers a useful lens for understanding processes of policy transfer (De Jong and Edelenbos, 2007), because policy transfer is fundamentally about learning by communication of information (Wolman and Page, 2002). For learning to take place, there must be some kind of communicative exchange (written or oral) between transfer agents.

Based upon the international and domestic processes in policy transfer, referred to above, the communicative processes involved can also be organized into two aspects: (1) the acquisition of knowledge about a policy in a lender country, and (2) utilization of the knowledge within the borrower country, not only as policy learning (which contributes to decision making), but also political processes of negotiation or legitimization between government and stakeholders (Wolman and Page, 2002; De Jong and Edelenbos, 2007).

In order to understand policy transfer as communicative processes, it is important to outline both what is communicated (i.e., contents of policy transfer as a message) and the characteristics of the communicative process. What is communicated includes policy relevant knowledge such as ideas, policy programs and institutions (eg., Rose, 1993; Dolowitz and Marsh, 1996). While borrowers have been found in some instances to transfer policies in a relatively straightforward way, for example between Westminster style democracies (Marsh and Evans, 2012), communication between borrowers and lenders can be fraught with complications. In particular, the receiver (i.e., borrower) may interpret the message differently from how the sender (i.e., lender) intended (Johnson and Hagström, 2005; Freeman, 2009). In other words, it is not always possible to arrive at a shared understanding, even when borrowers and lenders have the best of intentions.

When it comes to utilizing transferred knowledge within the borrower country, communication between government and stakeholders also shapes the ways in which policies are indigenized in their new location. While this may take the form of dialogue which aims to assist shared understanding, and to gain feedback, it could also be about misleading stakeholders as part of the process of policy legitimization, particularly in cases where the reality of what is borrowed falls considerably short of the rhetoric (Wolman and Page, 2002). For example, Peck (2011) emphasizes how, rather than actual transfer, the process is often more about lending the weight of evidence and constructing a sense of history for what are essentially new policies that have little in common with the ‘originals’. Consequently, the borrowed policy may differ from the original to such an extent that it is difficult to see what has actually been transferred. In the next section, the different types of policy transfer arising out of various communicative processes will be presented.

*Types of policy transfer communicative processes*

Despite efforts to highlight the importance of communication in a general sense, the impact of different types of communication and the ways in which policymakers adapt policies to context remains underexplored. An attempt to develop these ideas was made by Park *et al.* (2014), who identified four modes of translation in the transfer of policies based upon communication between (1) borrowers and lenders, and (2) borrowers and stakeholders. They suggest that policy transfer is most likely to be of practical use when there is two-way communication with both borrowers and stakeholders under ‘democratic’ policy transfer. On the other hand, they take the perspective that ‘distorted’ policy transfer stands the least chances of success, as this is based upon one-way communication only. For the purposes of this discussion we will focus on these two modes in order to highlight the very different processes which policy transfer may follow.

Under democratic transfer, the borrowing of policies from other countries takes place based on learning about the ways in which policies work, in both their original and new contexts (Park *et al.*, 2014). When policy transfer involves mutual learning between (1) a borrower and a lender, and (2) a borrower and stakeholders, the policy will be reconstructed through deliberation (i.e., understanding both the lenders' and domestic contexts, and making corrections to the policy if necessary). In this case, policies are tested and discussed, not simply according to policy leaders' preferences, but on the basis of whether they meet the needs of stakeholders and the borrower. Then, if something is found which needs to be changed to meet the specific contexts of the borrower, the policy is modified accordingly. In this sense, democratic transfer is a process of policy indigenization over the long-term (Stone, 2012). This process of policy change takes time because a borrower should adjust policy transferred from overseas with its domestic stakeholders (Ladi, 2011).

In terms of borrower-lender communication, this may be one-way at first as a borrower searches for an appropriate candidate policy from abroad (Dolowitz and Marsh, 2000). The borrower then selects the most plausible policy option, and attempts to engage in mutual learning on the basis of communication with the lender (Wolman and Page, 2002). The purpose is to judge whether the policy could be adapted to the borrower's situation by examining the specific policy contexts of the lender country (i.e., what was the policy goal, what was the socio-economic situation, how did the lender government communicate with the public, and what were the main factors leading to policy success or failure).

If policy leaders fully understand the policy and are still interested in introducing it, then further communicative processes may be initiated by informing domestic stakeholders about the proposed policy (De Jong and Edelenbos, 2007). The purpose of this is to enable stakeholders to understand the policy and to receive feedback from them regarding its feasibility. If the stakeholder feedback is positive, then policy leaders may decide to utilize the policy or particular parts of it (Park *et al.*, 2014). Still, legitimization takes place during this process through interaction between policy leaders and stakeholders. Policy leaders not only want the general public to recognize the value of the policy and the expected benefits of the policy tool, but also to receive feedback from them to iron out any potential problems. Through discussions both before and after enactment, policy leaders and the public move towards a shared understanding of the policy, which finally leads to a policy which is adapted to context and identifies the values of its audience and achieves legitimacy by consent (Bobrow and Dryzek, 1987; Andrews, 2007).

The process of policy transfer is often very different, however, and involves the misrepresentation or misinterpretation of policy information (Wolman and Page, 2002; Johnson and Hagström, 2005; Freeman, 2009). In other words, policy ideas or content, as well as public understanding of them, can be biased due to the unilateral exertion of government or policy leaders in communication processes (Habermas, 1973). This may be the case if the needs of the public or intrinsic nature of the borrowed policy are not fully considered.

In this type of distorted policy transfer, policy leaders create a shortlist of possible policies through international research (Park *et al.*, 2014). From the shortlist, policy leaders select the most favourable parts of the policies without communicating with the lender and policy stakeholders (i.e., what Dolowitz and Marsh, 2000, term uninformed and incomplete transfer). Therefore, the borrower is likely to fail to fully understand the detailed and concrete ways in which the policy works in the lender's context. As such, the borrower may misinterpret or twist the policy by selectively borrowing without considering the original policy environment, or conducting extensive research (Peck, 2011; McCann and Ward, 2012). The selection criteria of policy leaders in distorted policy transfer are likely to be political appropriateness and/or mechanistic calculation.

Moreover, if the borrower government pre-determines the policy option which is to be used, it is likely that the government will engage in one-way or top-down communication with policy stakeholders (Park *et al.*, 2014). In other words, policy leaders think that they already know the needs of domestic policy stakeholders or simply ignore them. In this case, the legitimization process signifies post-factum efforts to justify the pre-determined selection (Robertson, 1991; Wolman, 1992). Policy leaders may intentionally overemphasize particular aspects of the preferred policy through selective use of information which may result in further distortion of the original policy. A risk here is inappropriate transfer (Dolowitz and Marsh, 2000), such as in the transfer of Ecotrans to Greece, where contextual factors, not only in terms of organization of the public sector, but also societal interest in the environment meant that the policy transfer was unsuccessful (Ladi, 2005).

*Historical and institutional legacies in policy transfer*

The process and nature of policy transfer, in particular distorted policy transfer, can be more adequately appreciated with an understanding of the borrower countries' historical and institutional legacies. This is because policy transfer does not exist in isolation from a historically-specific set of social and institutional dimensions. As Peck puts it, 'context matters, in the sense that policy regimes and landscapes are more than empty spaces across which borrowing and learning take place' (2011: 775). In other words, policy design and implementation are inevitably 'shaped by local conditions of existing constellation of interests, entrenched institutional structures and political culture' (Stone, 2001: 35).

This study thus aims to provide a historically and institutionally sensitive framework of policy transfer. As Benson and Jordan point out, policy transfer has 'an innate capacity to combine with many different theoretical toolkits' (2011: 374). There have been attempts to integrate the literature on policy transfer with other theoretical approaches, such as constructivism, governance and neo-institutionalism (e.g., Bulmer and Padgett, 2004; Evans, 2009; Marsh and Sharman, 2009; Laguna, 2010; Ladi, 2011). In particular, the analysis of policy transfer needs to be complemented by a consideration of the crucial role of institutional arrangements on shaping transfer, which will contribute to the policy transfer literature from a historical institutionalist point of view.

Path-dependency, which lies at the core of historical institutionalism, implies that once initial policy and institutional choices are made, the pattern or the path created will persist with a continuing influence over the policy, unless there is some force sufficient to overcome inertia created (e.g., Thelen and Steinmo, 1992; Immergut, 1998; Peters, 1999). Policies encourage decision makers to act in ways that 'lock in' particular policy trajectories, partly because pre-established policies generate increasing returns (i.e., large fixed costs, learning effects, coordination effects, and adaptive expectations), and partly because policies shape individuals' information and interpretations (see Pierson, 1994: 40-50). Path-dependency is not the functional equivalent of historical or institutional determinism, however. Rather than following logical and efficient paths, history is marked by accidents of timing and circumstance, which 'may leave lasting legacies, but such legacies are equally vulnerable to unexpected change' (Immergut, 1998: 23).

These path-dependent effects of historical legacies can be observed in the process of distorted transfer, as the borrower government only engages in one-way communication with policy lenders and stakeholders, thus reducing the likelihood that policymakers will receive information that challenges the assumptions built up since the last major change of policy direction. Hence, policies transferred on the basis of one-way communication are prone to be utilized within the pre-established general policy trajectory. According to Ladi (2011), the path-dependency approach meets policy transfer when policy actors take shared interpretations of transferred policy knowledge for granted because the transferred knowledge is interpreted via shared pre-established policies. As also discussed above, arriving at a shared understanding is not so straightforward, and so interpretation without two-way communications with the lenders and stakeholders is highly likely to result in distorted transfer. To this end, we argue for more 'nuanced' dynamics of policy transfer by incorporating and emphasizing the key elements and insights of historical institutionalism in our analysis.

## Case Analysis

This section begins with a discussion of the historical context and specific features of policy-making in Korea. As outlined above, policy contexts and historical legacies are vital to understanding the ways in which policies may be distorted as they are transferred. In particular, the historical legacies of the Korean government's earlier policy decisions could enable us to identify why the Korean government was motivated to construct social enterprise as an instrument to meet its employment and welfare goals. Subsequently, we will compare contexts and social enterprise policies in Korea and the UK, before addressing the impact of communication in the process of policy transfer.

### *Historical legacies behind the formation of social enterprise policy in Korea*

The initial introduction of social enterprise can be attributed to key policy problems including unemployment, jobless growth and population ageing in the era of globalization and post-industrialization. The economic crisis of 1997 had devastating economic and social repercussions, such as declining macroeconomic conditions, increasing unemployment and greater income disparities (National Statistical Office, 2000). Compared with the period of near full employment prior to the crisis, unemployment became a major source of economic hardship. Under conditions of unprecedented high unemployment, the Korean government was unable to rely any longer on increasing income in the labour market through economic growth to meet social needs. In the wake of the economic crisis, the Korean government implemented 'Comprehensive Countermeasures against Unemployment' including job creation, employment stabilization, vocational training and job placement (ML, 2001). The post-crisis government also guaranteed income maintenance in terms of enhancing social assistance and unemployment benefits. The latter initiative represented a significant departure from the pre-existing array of welfare systems associated with minimal income support and a strong emphasis on self-reliance (Ringen *et al.*, 2011).

Although such social policies by themselves did not resemble the standard neo-liberal route to welfare reform, the post-crisis government pursued neo-liberal restructuring measures in line with the typical prescriptions of the International Monetary Fund (IMF). In other words, a wide range of neo-liberal structural reforms were introduced to facilitate financial liberalization, labour market flexibilization, deregulation and privatization (MEF, 2000), which exacerbated many adverse consequences of the economic crisis. Therefore, the Korean government necessitated an enhanced policy as a means of mitigating unemployment and job precariousness.

Before the introduction of the current social enterprise policy, the Korean government experimented with policy options such as a self-reliance program to respond to the unemployment and welfare problems simultaneously. After the implementation of the new social assistance scheme in 2000, the self-reliance work program was developed under the supervision of the MHW. Subsequently, the self-reliance aid centre was introduced in order to 'provide information on available jobs, to offer job counselling and job placement services, to support community based business and self-employment, to mediate the self-reliance fund, and to teach skills and management techniques' (MHW, 2000: 99). However, as the problems of jobless growth and unemployment were intensifying, the government selected social enterprise as a feasible policy instrument. In this way, the social enterprise policy was initiated by the ML in 2005 within a turf war between national ministries, which were vying with one another to increase their supervisory power in (new) policy initiatives. Internal documents from the ML-led 'Task Force on Social Workplaces' at this time suggest that the ML, which emphasized long-term job creation rather than social service provision for the socially disadvantaged, saw many continuities with its previous program for job creation (Park, C.-U., 2008).

Here it is worth noting historical and institutional legacies which eminently influenced the formation and evolution of the social enterprise policy in Korea. Historical legacies of the authoritarian developmental state have remained entrenched in the state's role and policy-making framework in Korea. The developmental state set economic growth as the fundamental goal and coordinated socio-economic resources towards state-led export-oriented industrialization on the basis of two distinctive features of institutional arrangements: bureaucratic autonomy insulated from various social interests; and powerful economic bureaucracy (Amsden, 1989; Evans, 1995). The policy-making framework in Korea can be characterized as power concentration, specifically in the considerable influence of the presidency over the bureaucracy and of the bureaucracy over societal groups – although power and control enjoyed by state actors over societal actors has declined since democratization in 1987. The developmental state also relied on 'organizational and institutional links between politically insulated state developmental agencies and major private-sector firms' (Deyo, 1987: 19). Accordingly, there was a bipartite coalition between the government and *chaebol* (family-owned, diversified conglomerates), combined with the political subordination of civil society and labour (see Ringen *et al.*, 2011). This coalition again highlighted how Korea does not have an inclusive policy-making tradition, nor a framework to support a negotiated approach to policy reform through consulting with societal actors, such as labour and civil society groups.

The state in Korea, as a low social spender, was less involved in providing social provision than its Western counterparts, but it did play a significant welfare role as a regulator (Goodman, White and Kwon, 1998; Ringen *et al.*, 2011). On this basis, the Korean developmental state shifted welfare responsibility onto the private sector, including companies, nonprofit organizations and families, and used its regulatory power to force the private sector to provide and finance certain types of social provision and care. Given the prominent position of the private sector and the minimal role of the state as a welfare provider, the motivation for the introduction of social enterprise policy might be interpreted in terms of historical legacies, in which government mobilizes private resources, rather than directly investing its own finances.

*Comparing contexts and social enterprise policies in Korea and the UK*

While many Korean accounts describe UK social enterprise policy as government-driven and therefore an appropriate case to learn from (e.g., Bae, 2007; Kim, M.-H., 2008; Kim, S.-Y., 2008; Lee, 2009; Cho, 2011; Cho, Kim and Kang, 2011), the actual influence of the UK policy is less clear. In order to begin to explore the extent to which the social enterprise policy in Korea was influenced by UK policy, this section compares the policy contexts and features of the Korean Social Enterprise Promotion Act with the UK's *Strategy for Social Enterprise* (DTI, 2002) and provision for Community Interest Companies (CICs) under the *Companies Act 2004*.

As discussed above, the main goal of the Korean social enterprise policy has been job creation, especially in the social service field. However, low social spending coupled with reductions in the size of government after the 1997 crisis mean that it was never a realistic possibility that the government would directly run job creation programmes itself. Therefore, the Korean government found a way to encourage private and nonprofit organizations to take on this role. While the government aimed for a market-oriented solution, it nevertheless wanted to retain control of private organizations. In order to continue the pattern of top-down control and to best utilize social enterprise, the government introduced the approval system.

As the name implies, the approval system requires organizations using the name ‘social enterprise’ to receive approval from the ML. When an organization receives this approval, it becomes eligible to receive support including financial subsidies, tax exemption, and social insurance support (ML, 2009). However, gaining approval can be difficult as it requires organizations to meet criteria regarding organizational type, number of paid employees, social goals, organizational rules and governance, as well as limited profit distribution.

The British government’s focus on social enterprise was also motivated by an interest in facilitating greater non-state provision of services. However, in contrast to Korea, the British government was more focused on responding to a broad range of social problems (Teasdale, 2012). More generally, while government had long been pushing contracting in public services, there was initially a lack of service delivery capacity among private and nonprofit organizations (Kendall, 2000). It was against this backdrop that the first social enterprise policy in 2002 was accompanied by funding initiatives to build the capacity of third sector organizations to deliver public services through loans and grants (Alcock, 2010). The case can therefore be made that the UK policy goal of utilizing social enterprises, along with other voluntary and community organizations, in order to provide a range of public services (i.e., social services, housing, work integration, etc.), was wider than that of the

Korean policy.

The varied contexts and policy goals suggest that the two policies may be used differently. Still, for more detailed analysis, it is important to examine the actual policies in the two countries. At a glance, the social enterprise policy of both countries seems to be similar in that both governments made substantial policies and legal acts to support social enterprise. However, as shown in table 1, the policies, while not entirely dissimilar, contain significant differences.

**Table 1 to Feature Here**

Though some of the policy contents in the UK are broad, the Korean Act tends to be more specific (i.e., target population, typology, and role of social enterprise). In particular, of the 13 points in table 1, six are substantially different, four vary in range or focus, and only three are the same or very similar. The differences can become quite stark when examining the details. For instance, the meaning of financial support in the two countries differs significantly. While financial support in Korea is mostly allocated to employee salaries, in the UK it is targeted at programmes through government contracts, or more generally building capacity to meet a particular area of need. In sum, the policy constructed by the Korean government not only serves a more specific purpose, but it also varies substantially in policy content from that of the UK.

*The role of policy transfer in Korean social enterprise policy*

Following on from the lack of similarities in contexts and policies, this section will discuss the formation of the policy in the borrower-lender and borrower-stakeholder processes of policy transfer from the UK to Korea. The most influential factor in the policy reconstruction appears to be the Korean government's intention and interpretation. More specifically, after deciding to use social enterprise, the Korean government interpreted the UK policy in a way which did not accurately reflect the original context, and then sought to legitimize the Korean policy on the basis of this interpretation.

Borrower-lender processes

From its initial introduction in Korea, the concept of social enterprise has been closely connected with social job creation. The first formal academic conference to discuss the benefits of social enterprise was an international forum to overcome poverty and unemployment in December 2000. In this forum, social jobs were the main focus, and the European work integration social enterprise (WISE) was introduced as the most appropriate candidate to solve the nation's problems (Kim, J.-W., 2008). On this basis, the ML adopted the social job creation programme in 2003 and then implemented it in 2004. Here it could be argued that the Korean government first set the policy goal of increasing the number of newly created social jobs before it chose a specific policy tool. According to a report published by the Korea Labor Institute (KLI), a government-affiliated think tank, which operates under the auspices of the ML, Korean social enterprise policy aimed at a social job creation agency for the vulnerable (Park, C.-I., 2008).

In order to find ways to best use social enterprise in achieving this goal, the ML convened a task force of seven to eight members chosen from the ML, the KLI and academia. The aim of the task force was to outline a social enterprise policy, and the result was a draft policy which included the approval and financial support schemes (Cho, 2011). On the basis of this policy outline the ruling party proposed social enterprise legislation, with a focus on job creation and the approval system, which it claimed was influenced by the UK (Uri Party, 2006).

The differences between the UK and Korean policies, particularly in regard to regulation and degree of focus on job creation, raise questions regarding the extent to which those drafting the government policy had a deep understanding of the ways in which the UK policy works, however. Furthermore, in 2006, an opposition party in the National Assembly proposed an alternative social enterprise law. The proposed legislation was based upon a broad definition of the role of social enterprise, and instead of an approval system, would have introduced a registration system like that for CICs in the UK. This version shares more similarities with UK social enterprise policy, and as such, illustrates how a policy which understands the specifics of the UK policy might have looked.

As part of the wider debate that followed, the KLI published a special issue of its journal, which contained an invited article by a British WISE specialist that focused on the work integration aspect of social enterprise in the UK (Aiken, 2006). In this special issue, the KLI appeared to interpret UK social enterprise policy as a means of employing the vulnerable, particularly as no articles about other kinds of British social enterprises were included. This focus on WISEs suggests that the interest was narrow, and more about the Korean government's desire to use social enterprise in a particular way, rather than achieving an understanding of the context in which UK social enterprises operate.

While WISEs play an important role within the UK social enterprise sector, the reality is of course that there are a wide range of organizations, particularly as the government purposely kept the definition of social enterprise loose, so as to allow for the inclusion of a wide range of organizations working on many different social problems (Teasdale, 2012). Indeed, the *Strategy for Social Enterprise* (2002), published by the Department of Trade and Industry (DTI), was not explicit on whether UK social enterprises would be required to provide a minimum amount of paid work (Ridley-Duff and Bull, 2011).

The borrower-lender processes are thus characterized by the Korean government's distortion of the policy. After deciding to use social enterprise as a means of addressing an ongoing policy problem, the Korean government borrowed from the UK without learning about the ways in which the policy worked in its original context.

## Borrower-stakeholder processes

Since the enactment of the Social Enterprise Promotion Act (SEPA) in December 2006, criticisms have been levelled against the Korean government's approach. These have been concerned both with the approval system generally, and the way in which it has facilitated the use of social enterprises, which are financially dependent upon the state, to meet wider employment goals (Ko, 2007; Park, C.-U., 2008). More specifically, the ML's emphasis on reducing unemployment figures means that in practice the target beneficiaries of many social enterprises include the general unemployed, despite the law only including the poor and the vulnerable (Ko, 2007). Instead of discussing these criticisms with policy stakeholders, the Korean government has attempted to legitimize the approval system through the diffusion of information. In particular, several research papers published by government-sponsored research institutes have attempted to offer legitimacy to the policy.

First, an article published by the MHW affiliated Korea Institute for Health and Social Affairs (Bae, 2007) argues that one of the key lessons from UK social enterprise policy is an approval system which was designed to raise business reliability. However, it is difficult to describe the system in the UK as an approval system. Instead, the UK uses a registration system for CICs in which the regulator plays a light touch role (Nicholls, 2009). As long as new organizations meet some basic requirements, including that their activities will be carried out for the benefit of the community, they have an asset lock, and are not a charity, then they will be given CIC status. Furthermore, the definition of social enterprises in the UK is not limited to CICs, and organizations may self-define as social enterprises.

Second, reports have played down the extent to which there has been a conscious decision by the ML to emphasize job creation. In the first year of the approval system in 2007, approximately 70 per cent of all approved social enterprises (25 out of 36 organizations) were of the job creation type. In the case of the social service provision type, 21 organizations applied and only three were approved (approval rate of 14.2 per cent). Yet, in the case of the job creation type, approval rates were much higher (25 out of 71, or 35.2 per cent). These statistics indicate that organizations with job creation as their primary focus were more likely to be approved. However, when evaluating these results, a report published by the KLI argued that the main reason for rejection was giving incorrect or inappropriate answers in the administrative sections of the application according to the SEPA, and never mentioned that job creation type social enterprises were over-represented in terms of approval rates (Cho, 2007).

Third, the top-down system is now cited as the reason for social enterprise success. For example, a report published by the KLI evaluated the approval system as very successful, especially in terms of the image of social enterprises which it helped to create:

> 'Social enterprises have come to be viewed in a positive way in a short space of time. Thanks to the relatively thorough approval examination system, social enterprises were viewed as organizations to realize social goals as well as organizations with sound management. The approval system played a role in delivering social enterprises' messages to heads of municipalities and local activists. It also demonstrated specific models for

nonprofits and charitable organizations to pursue, which led to organizational and behavioural changes' (Kim, 2010: 2-3).

The evidence suggests that the borrower-stakeholder processes have been characterized by further policy distortion, due to the government's top-down communication, which can be attributed to the impact of historical legacies on the policy-making framework. Rather than listening to the concerns of stakeholders, the UK CIC registration system was used as evidence to legitimize the intention and interpretation of the Korean government, despite the existence of substantive differences with the Korean approval system. In addition, further attempts were made to justify and sustain the government led policy by playing down the level of support for job creation social enterprises, and attributing social enterprise success to the top-down approval system.

## Discussion and Conclusion

This study has outlined theoretically the different ways in which policies may be adapted to context in the process of policy transfer, and used this to assess the formation and evolution of Korean social enterprise policy. In developing this approach we have sought to contribute to an underdeveloped area in the policy transfer literature. More specifically, we have illustrated how an understanding of communicative processes can help to explain (1) the ways in which policies may become biased towards the perspective of the borrower government, even despite the intentions of policy leaders, and (2) the ways in which policy transfer may be used as a means of legitimization. We suggest that these scenarios are more likely to occur under distorted policy transfer, due to borrowing without learning the specific contexts of the lender, and one-way communication from policy leaders to stakeholders.

The case analysis reveals how, despite the claims of the Korean government, especially regarding the employment creation role of social enterprises, and the approval system, there are few similarities in terms of actual policy contents. There are similarities in terms of government department (until 2006), asset lock and PR. Still, differences include regulation of the social enterprise title, permitted types of organizations, types of activity, governance structures, requirements for paid employment, and the financial support system, while in other areas it is difficult to make a direct comparison due to differences in the range or focus of policy initiatives.

The process resembles what we have termed distorted policy transfer, firstly as the borrowed components, rendered almost unrecognizable, are used in a way that does not appreciate their meaning in the original context. Secondly, a lack of consideration has been given to the new policy context, in the sense that the Korean social enterprise policy has been justified through one-way communication, without adjusting the policy according to the concerns of stakeholders. This process has been significantly influenced by a legacy of top-down control, along with the regulation of welfare provision, and fuelled by turf wars between government departments. These institutional legacies help to explain both why the Korean government appears to have interpreted the UK social enterprise policy as enabling top-down control, and why one-way communication was used to try and legitimize the policy. As such, the role of institutional structures and path-dependent effects should not be overlooked (Laguna, 2010; Benson and Jordan, 2011; Ladi, 2011).

It also seems that there are problems with the content of the Korean policy. The majority of organizations which have applied under the approval system have not been granted social enterprise status, with the bar seemingly set even higher for those organizations which do not have job creation as their primary focus. This may represent a serious limitation, as a top-down approach with strict controls is more likely to stifle the potential for innovative approaches to social problems.

Furthermore, the expansion of the target population to the general unemployed as part of efforts to respond to government targets (Ko, 2007), suggests that there has been a degree of goal displacement, as the focus on the needs of the socially disadvantaged and vulnerable has been replaced by a broader response to unemployment. While this type of scenario is of course not unique to Korea, it has been facilitated, in this instance, by a very high level of control on the part of the ML. Significantly, the Korean government cites UK social enterprise policies as the source, both of the degree of control and the bias towards job creation type social enterprises, despite the significant differences from the Korean policy. In other words, the Korean government adopted and utilized social enterprise policy in an attempt to legitimize its pre-determined policy goal (i.e., solving unemployment problems); but this process lacked legitimacy in terms of both inputs and procedures (Scharpf, 1998; Wallner, 2008). This case therefore highlights the importance of a thorough understanding of the original purpose and context of the policy to be transferred, the ways in which it would need to be modified to work in its new context, and the implications for stakeholders. These factors may require even more attention when the policy concerned is relatively new.

Our findings reveal that policy transfer should be set within a historically and institutionally sensitive framework. Policies, of course, are not literally transferred between countries; policy contents and outcomes are dynamically transformed by the local socio-institutional landscape (Stone, 2001, Peck, 2011). As identified by Dolowitz and Marsh (1996), however, the existing literature on policy transfer tends to be preoccupied with pluralist assumptions, while paying insufficient attention to institutional structures, processes and constraints (see also Stubbs, 2005; Lendvai and Stubbs, 2007; Benson and Jordan, 2011). Instead of adhering to a ‘re-hashed neo-pluralism’, the policy transfer process should be viewed ‘as one of continuous transformation, negotiation, and enactment on the one hand and as a politically infused process of dislocation and displacement (“unfit to fit”), on the other hand’ (Lendvai and Stubbs, 2007: 14-15). It should also be noted that the pluralist perspective on policy transfer is less likely to apply to the policy transfer process in political systems with a more interventionist tradition or greater power-centralization. This is the case for South Korea where the presidency and bureaucracy can enjoy strong power concentration due to institutional legacies of the authoritarian developmental state.

Public policies generally suffer from complexity, uncertainty and lack of feedback in the policy process (Dryzek, 1983). Facing such feasibility problems, the learning of policy leaders may take the form of strategic retreat in order to avoid potential political costs (Wildavsky, 1979), or political learning for more sophisticated policy advocacy (May, 1992). In the latter scenario, policy leaders transfer favourable policy information (Evans, 2009), which is open to misinterpretation to conceal problems. The type of policy learning which takes place depends on the circumstances of the borrower country. Based on the case analysis where distorted transfer took place due to the degree of power concentration, we suggest that learning for policy legitimization is more likely in countries with developmental state experiences and centralized power structures. Further studies are required to explore this issue in more detail.

The model that we have presented also offers an alternative, in the form of democratic policy transfer. This type of transfer leads to a clearer understanding of policies and contexts, and as such requires a greater degree of mutual learning between borrowers and lenders. There are difficulties associated with this, not least the investment of a considerable amount of time and effort, which may be necessary to assess policy information. One possible solution is to place more emphasis on informal contacts with peers which borrowers may find more trustworthy (Wolman and Page, 2002). More generally, it should be noted that two-way communication does not always need to include formal site visits and conferences, but could also include telephone and email exchanges. In any case, these problems are not insurmountable, and two-way communication can provide a useful way of checking understanding of policy initiatives and borrower contexts.

Similarly, two-way communication with stakeholders can help to increase the understanding of both sides, and lead to policies that are more beneficial to recipients. Indeed, if policy is to be truly adapted to context, then the feedback of policy stakeholders can be invaluable. Again, there are difficulties, not least in terms of expense and time. However, the benefits of participative approaches to public policy are that through learning and acting together, creative solutions can be made to social problems.

It could be argued that a limitation of the present study is that it has focused on the influence of UK social enterprise policy on Korea. Due to claims from the Korean government, academics and the media regarding the influence of social enterprise policies from other countries, there is considerable scope for future investigation regarding policy transfer and Korean social enterprise. In particular, a fruitful avenue for future research may be to investigate the influence of social enterprise policies of countries such as France and Italy upon the Korean policy. More generally, we hope that this study may encourage others to investigate the role of communication in policy transfer, and thus help to further understanding of a frequently overlooked aspect in the transfer of policies.

## References


Aiken, M. (2006), Social enterprise in the UK, *International Labor Brief,* Special Issue, 22-30 (in Korean).

Alcock, P. (2010), A strategic unity: Defining the third sector in the UK, *Voluntary Sector Review*, 1, 1, 5-24.

Amsden, A.H. (1989), *Asia's Next Giant: South Korea and Late Industrialization*, Oxford: Oxford University Press.

Andrews, C.J. (2007), 'Rationality in Policy Decision Making'. In F. Fischer, G. J. Miller, and M. S. Sidney (eds) *Handbook of Public Policy Analysis: Theory, Politics, and Methods*, Boca Raton, FL: CRC Press, pp.161-171.

Bae, E.-W. (2007), The direction and strategy for promoting social enterprise in the UK, *Global Social Security Today*, 33-41 (in Korean).

Bennett, C. (1991), How states utilize foreign evidence, *Journal of Public Policy*, 33, 4: 31-54.

Benson, D. and Jordan, A. (2011), What have we learned from policy transfer research? Dolowitz and Marsh revisited, *Political Studies Review*, 9, 3, 366-378.

Berry, F.S., and Berry, W.D. (1990), State lottery adoptions as policy innovations: An event history analysis, *American Political Science Review*, 84, 2: 395-415.

Bobrow, D. B. and Dryzek, J. S. (1987), *Policy Analysis by Design*, Pittsburgh: University of Pittsburgh Press.

Bulmer, S. and Padgett, S. (2004), Policy transfer in the European Union: An institutionalist perspective, *British Journal of Political Science*, 35, 1: 103-26.

Cho, D.-K. (2011), Is there a Korean model for social enterprise? http://seforum.tistory.com/9 (Accessed 5 May 2012) (in Korean).

Cho, S.-M., Kim, J.-S., and Kang, C.-H. (2011), Comparative analysis on the polices of social enterprises: Focused on England, France, Italy, and Korea, *Social Welfare Policy*, 38, 2: 1-38 (in Korean).

Cho, Y.-B. (2007), Results and tasks of the first-time approval of social enterprise, *Labor Review*, 35: 48-58 (in Korean).

Cho, Y.-B. (2011), *Social Enterprise, Beautiful Management Story*, Seoul: Sigma Press (in Korean).

Chung, Y.-S. and Song, Y.-K. (2010), Measures to activate work integration social enterprises: A comparative analysis of the UK and Korea, *Korean Social Security Studies*, 26, 4: 265-292.

*Companies (Audit, Investigations and Community Enterprise), Act 2004 (c.27)*, London: The Stationery Office.

De Jong, M. and Edelenbos, J. (2007), An insider’s look into policy transfer in transnational expert networks, *European Planning Studies*, 15, 5: 687-706.

Department of Trade and Industry (DTI) (2002), *Strategy for Social Enterprise*, London: The Stationery Office.

Deyo, F.C. (ed.) (1987), *The Political Economy of the New Asian Industrialism*, Ithaca: Cornell University Press.

Dolowitz, D. and Marsh, D. (1996), Who learns from whom: A review of the policy transfer literature, *Political Studies*, 44, 2: 343-57.

Dolowitz, D. and Marsh, D. (2000), Learning from abroad: The role of policy transfer in contemporary policy-making, *Governance*, 13, 1: 5-24.

Dryzek, J.S. (1983), Don't toss coins in garbage cans: A prologue to policy design, *Journal of Public Policy*, 3, 4: 345-367.

Dryzek, J.S. (2000), *Deliberative Democracy and Beyond: Liberals, Critics, Contestations*, Oxford: Oxford University Press.

Dunlop, C.A. and Radaelli, C.M. (2012), Systemizing policy learning: From monolith to dimensions, *Political Studies*, 61, 3: 599-619.

Evans, M. (2009), Policy transfer in critical perspective, *Policy Studies*, 30, 3: 243-68.

Evans, M., and Davies, J. (1999). Understanding policy transfer: A multi-level, multi-disciplinary perspective, *Public Administration*, 77, 2, 361-385.

Evans, P.B. (1995), *Embedded Autonomy: States and Industrial Transformation*, Princeton: Princeton University Press.

Freeman, R. (2009), What is translation? *Evidence & Policy*, 5, 4: 429-47.

Goodman, R., White, G., and Kwon, H.-J. (eds) (1998), *The East Asian Welfare Model: Welfare Orientalism and the State*, London: Routledge.

Habermas, J. (1973), *Legitimation Crisis* (translated by T. McCarthy), Boston, MA: Beacon Press.

Hahn, S. and McCabe, A. (2006), Welfare-to-work and the emerging third sector in South Korea: Korea's third way? *International Journal of Social Welfare*, 15, 4: 314-20.

Hall, P. (1993). Policy paradigms, and social learning, *Comparative Politics*, 25, 3: 275-296.

Immergut, E.M. (1998), The theoretical core of the new institutionalism, *Politics and Society*, 26, 1: 5-34.

Johnson, B. and Hagström, B (2005), The translation perspective as an alternative to the policy diffusion paradigm: The case of Swedish methadone maintenance treatment, *Journal of Social Policy*, 34, 3: 365-88.

Kendall, J. (2000), The mainstreaming of the third sector into public policy in England in the late 1990s: Whys and wherefores, *LSE Civil Society Working Paper 2*.

Kim, H.-W. (2010), Current status and issues of the approval system of social enterprise, blog.makehope.org/root/attachment/1183457700.pdf (Accessed 7 May 2012) (in Korean).

Kim, J.-W. (2008), Can social employment and social enterprise be an alternative to private ones? *Urbanity and Poverty*, 89: 75-93 (in Korean).

Kim, M.-H. (2008), A study on a case of social enterprise in the UK and some implications for Korea, *Social Welfare Policy*, 33: 135-157 (in Korean).

Kim, S.-Y. (2008), A policy plan for revitalizing social enterprise, *The Korea Public Administration Journal*, 17, 3: 207-47 (in Korean).

Ko, H.-M. (2007), Social enterprise policy and prospects for social enterprise in Korea. Paper given at the Korean Sociology Association Conference, Seoul, December (in Korean).

Korea Social Enterprise Promotion Agency (2013), Information on social enterprises. http://socialenterprise.or.kr/ (Accessed 14 May 2013) (in Korean).

Ladi, S. (2005), *Globalization, Policy Transfer and Policy Research Institutes*. Edward Elgar.

Ladi, S. (2011), Policy change and soft Europeanization: The transfer of the ombudsman institution to Greece, Cyprus and Malta, *Public Administration*, 89, 4: 1643-63.

Laguna, D. (2010), From lesson-drawing to bounded-transfer: Bridging policy transfer and institutional approaches. Paper presented at the 14th International Research Society for Public

Management Conference, Berne, Switzerland, 7 April.

Lee, E.-S. (2009), A comparative analysis of the characteristics of social enterprises in the United Kingdom, United States, and South Korea: An institutional approach, *Korean Journal of Public Administration*, 47, 4: 363-97 (in Korean).

Lendvai, N. and Stubbs, P. (2007), Policies as translation: Situating trans-national social policies. In S. M. Hodgson and Z. Irving (eds) *Policy reconsidered: Meanings, Politics and Practices*, Bristol: Policy Press, pp. 173-89.

Marsh, D. and Evans, M. (2012), Policy Transfer: Coming of age and learning from the experience, *Policy Studies*, 33, 6, 477-481.

Marsh, D. and Sharman, J. C. (2009), Policy diffusion and policy transfer, *Political Studies*, 30, 3: 269-88.

May, P.J. (1992), Policy learning and failure, *Journal of Public Policy*, 12, 4: 331-354.

McCann, E. (2011), Urban policy mobilities and global circuits of knowledge: Toward a research agenda, *Annals of the Association of American Geographers*, 101, 1: 107-30.

McCann, E. and Ward, K. (2012), Policy assemblages, mobilities and mutations: Toward a multidisciplinary conversation, *Political Studies Review*, 10: 325-332.

Ministry of Finance and Economy (2000), *Achievements and Future Tasks of Structural Reforms in the Second Year of the IMF Period*, Seoul: MFE (in Korean).

Ministry of Government Legislation (2012), *Social Enterprise Promotion Act*, Act No. 8217. Seoul: MGL.

Ministry of Health and Welfare (2000), *Health and Welfare White Paper*, Seoul: MHW (in Korean).

Ministry of Health and Welfare (2002), *Handbook of the National Basic Livelihood Security System, Vol. I*, Seoul: MHW (in Korean).

Ministry of Labor (2001), *Unemployment Measure White Paper: 1998-2000*, Seoul: ML (in Korean).

Ministry of Labor (2006), *Understanding of Social Enterprise Institution*, Seoul: ML (in Korean).

Ministry of Labor (2009), *2008 Performance Analysis of Social Enterprise*, Seoul: ML (in Korean).

National Assembly Research Service (2009), *The Present Conditions and Reformation of Social*

*Enterprise in Korea*, Seoul: NARS (in Korean).

National Statistical Office (2000), *Annual Report on the Economically Active Population Survey*, Seoul: National Statistical Office (in Korean).

Nicholls, A. (2009), Institutionalizing social entrepreneurship in regulatory space: Reporting and disclosure by community interest companies, *Accounting Organizations and Society*, 35, 4: 394-415.

Park, C., Wilding, M. and Chung, C. (2014), The importance of feedback: Policy transfer, translation and the role of communication. *Policy Studies*, 35, 4: 397-412.

Park, C.-I. (2008), Tasks for creating and fostering social enterprise, *Health and Welfare Policy Forum*, 144: 21-33 (in Korean).

Park, C.-U. (2008), The institutional embeddedness of social enterprise in welfare state regime: The case of Korea. Paper given at the 5th East Asian Social Policy Conference, Taipei, 3-4 November.

Peck, J. (2011), Geographies of policy: From transfer-diffusion to mobility-mutation, *Progress in Human Geography*, 35, 6: 773-97.

Peters, B.G. (1999), *Institutional Theory in Political Science: The 'New Institutionalism'*, London: Pinter.

Pierson, P. (1994), *Dismantling the Welfare State?* Cambridge: Cambridge University Press.

Ridley-Duff, R. and Bull, M. (2011), *Understanding Social Enterprise: Theory and Practice*, London: Sage.

Ringen, S., Kwon, H., Yi, I., Kim., T. and Lee, J. (2011), *The Korean State and Social Policy*, New York: Oxford University Press.

Robertson, D.B. (1991), Political conflict and lesson-drawing, *Journal of Public Policy*, 11, 1, 55-78.

Rose, R. (1993), *Lesson-Drawing in Public Policy*, Chatham: Chatham House.

Scharpf, F.W. (1998), Interdependence and democratic legitimation, MPIfG (Max Planck Institute for the Study of Societies) Working Paper 98/2.

Stone, D. (2001), Learning lessons, policy transfer and the international diffusion of policy ideas, Centre for the Study of Globalisation and Regionalisation, University of Warwick, Working

Paper No. 69/01.

Stone, D. (2004), Transfer agents and global networks in the ‘transnationalisaton’ of policy, *Journal of European Public Policy*, 11, 3: 545-66.

Stone, D. (2012), Transfer and translation of policy, *Policy Studies*, 33, 6: 483-99.

Stubbs, P. (2005), Stretching concepts too far? Multi-level governance, policy transfer and the politics of scale in South East Europe, *Southeast European Politics*, 4, 2: 66-87.

Teasdale, S. (2012), What’s in a name? Making sense of social enterprise discourses, *Public Policy and Administration*, 27, 2, 99-119.

Thelen, K. and Steinmo, S. (1992), Historical institutionalism in comparative politics. In S. Steinmo, K. Thelen and F. Longstreth (eds) *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge: Cambridge University Press, pp. 1-32.

Uri Party (2006), Social Enterprise Promotion Act becomes part of Uri Party’s platform [Press Release].

Walker, J. L. (1969). The diffusion of innovations among the American states, *American Political Science Review*, 63, 3: 880-899.

Wallner, J. (2008), Legitimacy and public policy: Seeing beyond effectiveness, efficiency, and performance, *The Policy Studies Journal*, 36, 3: 421-443.

Wildavsky, A. (1979), *Speaking truth to power*. Boston, MA: Little Brown.

Wolman, H. (1992), Understanding cross national policy transfers: The case of Britain and the US, *Governance*, 5, 1: 27-45.

Wolman, H. and Page, E. (2002), Policy transfer among local governments: An information-theory approach, *Governance*, 15, 4: 477-501.

Yin, R.K. (2002), *Case study research: Design and methods*, 3rd edn, London: Sage.

Table 1

Social enterprise policies in Korea and the UK

| | Korean Social Enterprise Promotion Act (2007) (revised 2010/2012) | | UK Strategy for Social Enterprise (2002)<br>Companies (Audit, Investigations and Community Enterprise) Act (2004) |
|---|---|---|---|
| **Definition** | -'Social enterprise seeks social goals by offering social services or jobs to the socially disadvantaged and the vulnerable' | ~ | -CIC is defined as a company which serves the community interest<br>-Social enterprise is more generally defined as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community' (DTI, 2002) |
| **Requirements for paid employment** | -Yes | ≠ | -No |
| **Target population** | -Specific: social stratum under 60/100 of national average household-income, the elderly, the disabled, women engaged in prostitution, and the long-term unemployed | ~ | -Very wide: 'A company satisfies the community interest test if a reasonable person might consider that its activities are being carried on for the benefit of the community' (Companies Act, 2004: s35(2)). |
| **Governmental department** | -Ministry of Labor (ML) | ~ | -Initially the Department of Trade and Industry<br>-Although from 2006, the Office of the Third Sector (which in 2010 became the Office for Civil Society) has had responsibility and there is also a social enterprise unit in the Department of Health |
| **Permitted organizational types** | -Corporate body and cooperative stipulated by civil law, business stipulated by commercial law, and foundation and nonprofit stipulated by special law | ≠ | -Any type of business that is not a charity and complies with the asset lock |
| **Regulation of title** | -Very strict: only approved organizations are entitled to use the name 'social enterprise' | ≠ | -Use of the term social enterprise is not regulated<br>-Registration system for CICs |
| **Managerial support** | -Specific:<br>-Management consulting<br>-Education and training of professionals<br>-Priority purchase by public agencies | ~ | -Formally, the regulator has the right to appoint a director or manager of a CIC or remove a director<br>-In practice social enterprises are more likely to receive support through umbrella organizations such as Social Enterprise London |
| **Financial support** | -Purchase of facilities or use of government premises<br>-Salaries, consulting fees, and administrative costs<br>-Tax exemption and provision of social insurance costs of employees | ≠ | -State funding has mostly come from contracts as well as capacity building quangos such as Futurebuilders and Capacity Builders |
| **Asset lock** | -Applied only to profit-making firms: more than 2/3 of the whole profits should be reinvested into social goals | = | -Applied to all CICs: less than 35% of profits can be redistributed to stakeholders |
| **Governance structure** | -Mandatory for stakeholders to participate in decision making process | ≠ | -Not specified |
| **Support organizations** | -Top-down: Korean Social Enterprise Promotion Agency established in 2011 by ML<br>-Supervised by ML | ~ | -In the UK these have generally been bottom-up organizations, established by social enterprises themselves, such as Social Enterprise UK |

Legend: = Same or similar, ~ Different in range or focus, ≠ Different

*Source*: DTI (2002), Companies (Audit, Investigations and Community Enterprise) Act (2004), Ministry of Government Legislation (2012).