

Enhancing Labor Productivity of Rural Workforce through Collective Actions: Lessons Learned from Saemaul Undong of Korea

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Saemaul Undong in Korea Korean Experiences of Rural Development

Korea in the 1950s: Least developed country in the world Pervasive with hunger & poverty

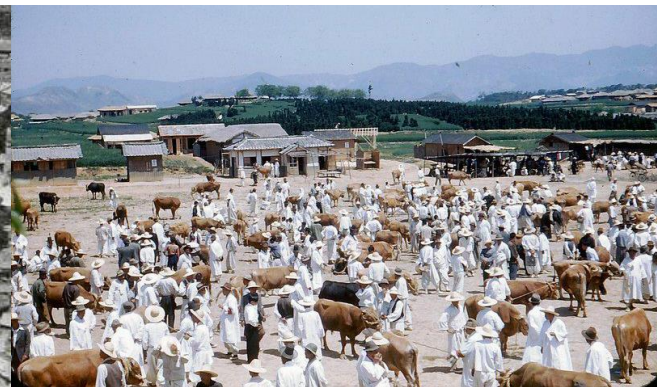
- 1945: Liberated from Japanese colony (1910~1945)
- 1948: Separated into Two Koreas
- 1950: Korean War (3 years)



**Korean war destroyed almost everything and therefore,
Korean people had to start from the ashes**

Economic Situation in the 1950~60s

- ◆ Recovery for the war-torn economy
 - Restoration and economic reconstruction after the Korean War
 - Food relied on Food Aids mostly from US-PL480



In the 1960s:

Hunger & Poverty were the icons of the period

- **Alcohol & gambling were pervasive**
- **People were desperate for the future**
- **Depended on outside help**

Overcome hunger & poverty, and achieve rural development were the most important issue

5-Year Economic Development Plan

- ◆ Initiated in 1962 & continued until the 1990s.
 - Poor industrial capital
 - Poor natural resources
 - Low technologies
 - But, enough human resources

- ◆ Economic Development Strategies
 - Labor intensive
 - Unbalanced development (urban & manufacturing oriented)
 - Export oriented
 - From light industry to heavy industry

- ◆ Need to import intermediate goods for manufacturing & loans to meet the industrial capital and advanced industrial technologies

In the 2000s:
One of advanced industrialized Countries in the world
OECD member in 1996
7th of World Trade Volume in 2014

**Within 50 years, Korea transferred from agrarian society
to industrialized society, and information society**

Major Economic Indicators

		1960	1970	1990	2000	2010	2015
GDP growth rate		2.3	10.0	9.8	8.9	6.5	2.6
GDP/capita		85	250	6,513	11,947	22,151	27,195
Industrial Structure	Agriculture	36.0	26.0	8.7	4.9	2.5	2.3
	Mining & Manufacturing	14.7	22.5	29.8	29.8	38.9	38.2
	SOC & others	49.3	51.2	63.0	66.8	58.5	59.4
Investment ratio to GDP		11.6	26.3	39.6	32.9	32.0	28.0
Saving ratio to GDP		5.0	14.8	38.8	34.8	34.7	35.7
Population growth rate		2.9	1.9	1.0	0.8	0.46	0.38
Export(billion US\$)		0.03	0.84	65.0	172.3	466.4	526.8
Import (billion US\$)		0.34	1.98	69.8	160.5	425.2	436.5

Repercussion of Economic Growth to the Rural & Agricultural Sector

- ◆ Widened development disparity
- ◆ Rural exodus in the 1970~90s
- ◆ Retardation of the farm & rural sector

Rural Development Policy

- ◆ **1960s: Village Development (CD program)**
 - Income generation and infrastructure development
- ◆ **1970s: Rural Saemaul Undong**
 - Village development strategy
- ◆ **1980s: IARD**
- ◆ **2000s: Village revitalization through collective actions**

Saemaul Undong

Saemaul Undong: New Village Movement

A Definition:

a rural community development movement

For the betterment of Living Conditions
through

Income, Infrastructure, Living Environment, Community Building

in the ways of

Self-help and Cooperation

under the

Government Sponsorship

Goals

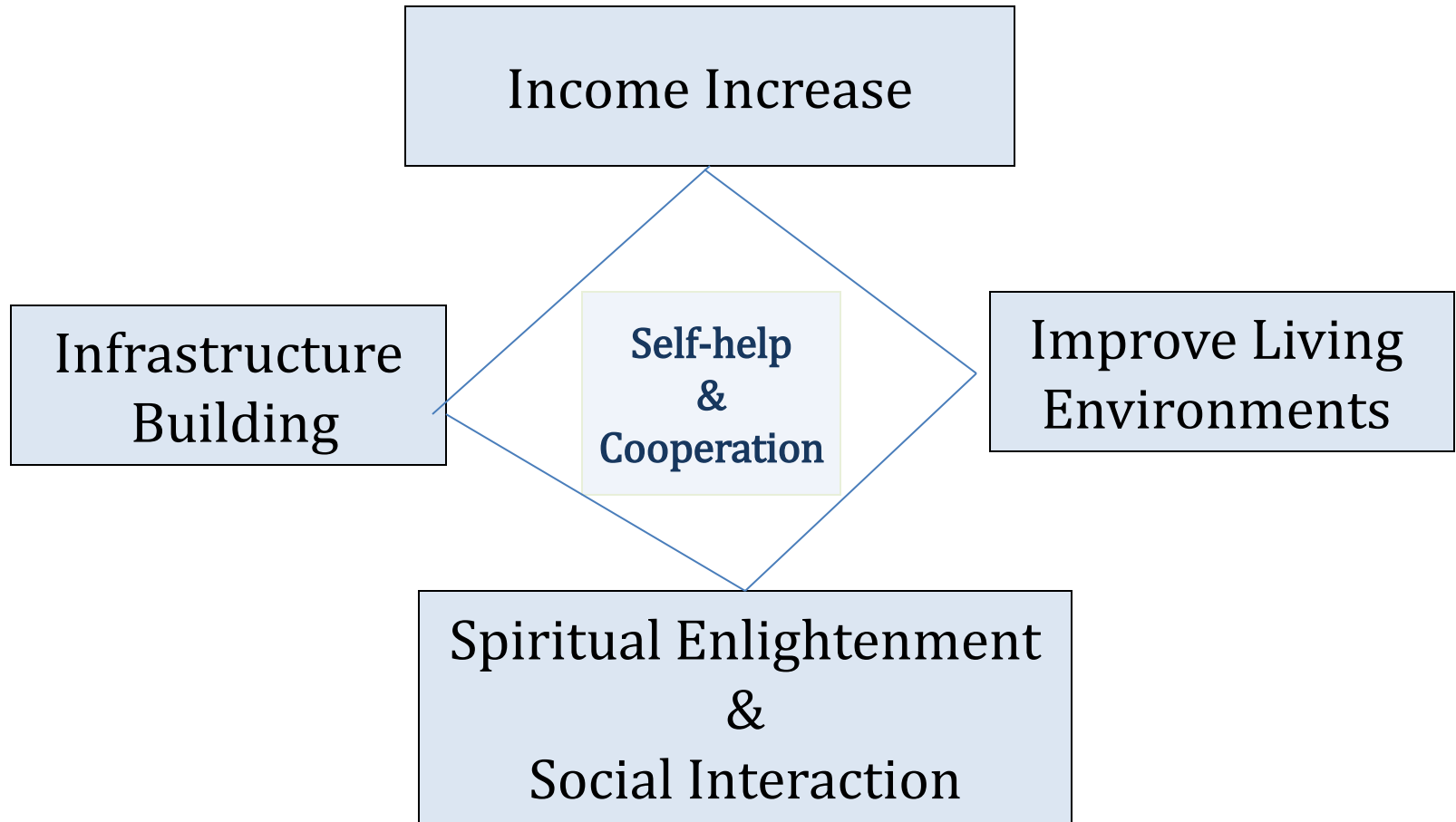
Immediate goals

- Improving living condition of individuals
- in the way of self-help and cooperation
- with community resources & outside support

Ultimate goal

- Building a better and sound community by community people
- Building a strong nation

Means



Strategies

1. Village Community as Development Unit
2. Government Initiating Bottom-up Approach
3. Integrated Approach
4. Comprehensive Approach
5. More Support for the Better Performance
6. Mutual Learning

1. Village Community as Development Unit

- Village as a Community
- Social interaction & common ties
- Administrative unit
- Planning & Development unit

2. Bottom-up Approach

Bottom - Up Approach

Village Community

(The Continuity of Development Process)



Felt Needs for
Development

Develop Projects
By Village People

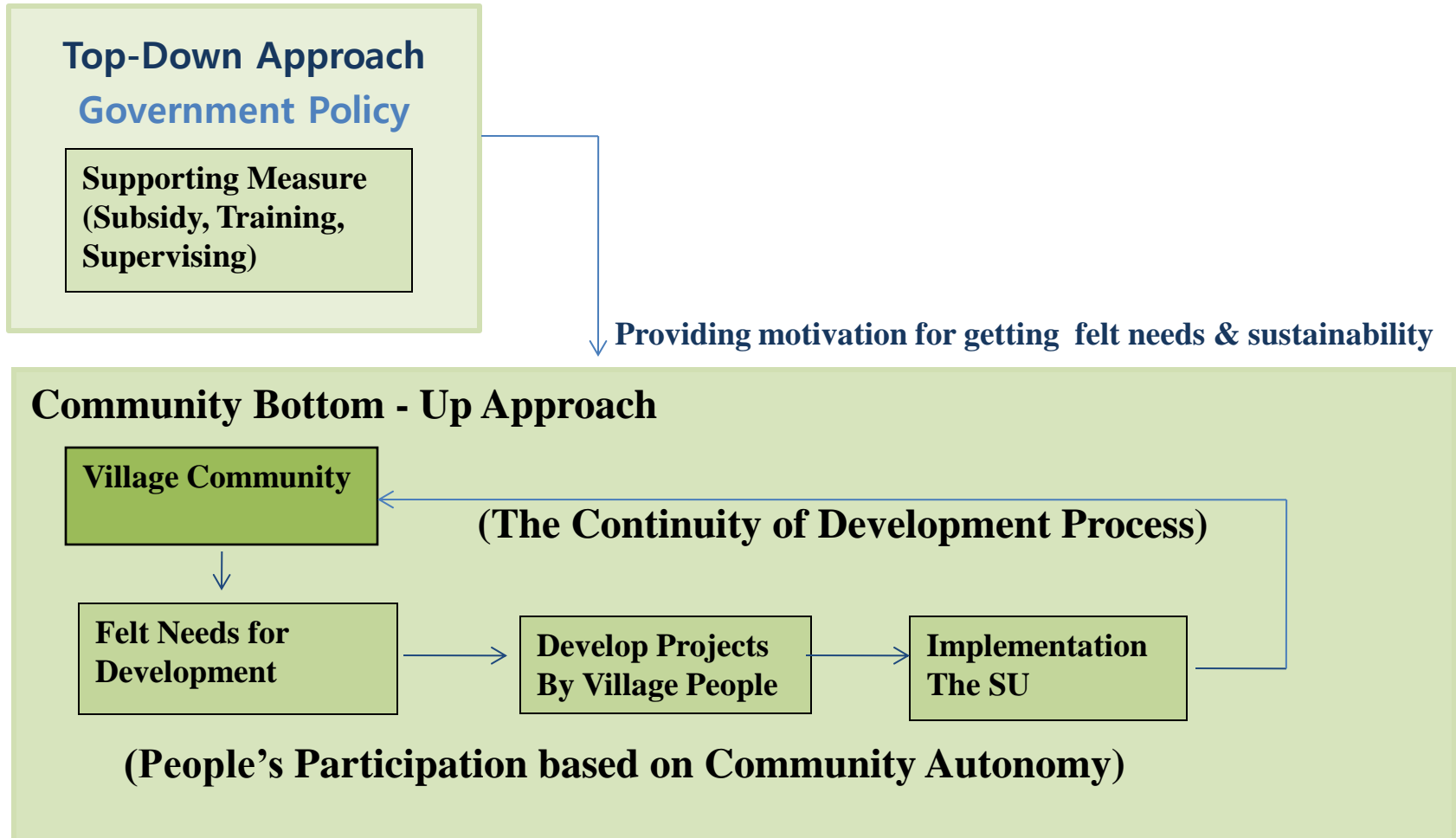
Implementation
The SU

(People's Participation based on Community Autonomy)

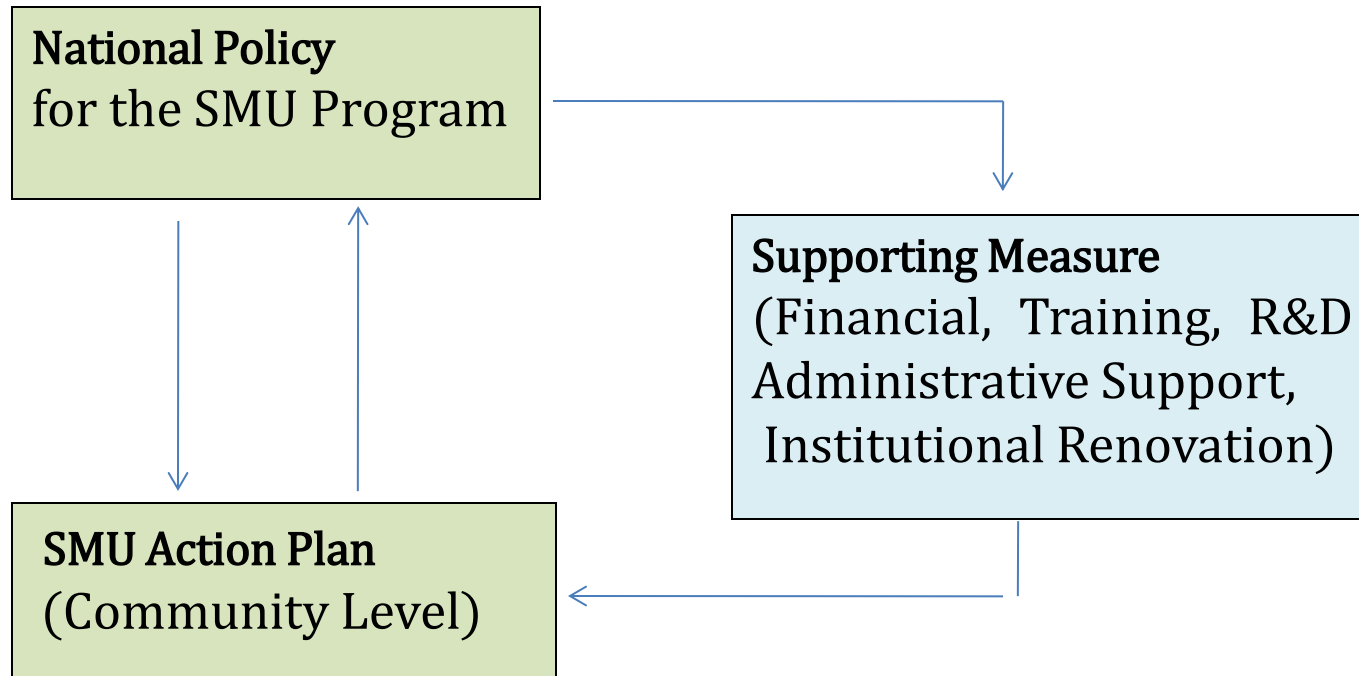


Economic Affordability
People's Empowerment
Leadership
Social Organizations
Social Norms for Cooperation and Self-help

Government Initiating Bottom-up Approach



3. Integrated Approach



4. Comprehensive Approach



5. Support More for Better Performance

- ◆ Support more for the better performed community
 - Reward villages leaders for the success
 - Increase subsidy for the better performance
 - Reduce subsidy for poor performance and let them benchmark the successful villages

- ◆ Continuous support until the community reaches to the level of self-reliance & empowerment

6. Mutual Learning

- ◆ Saemaul Undong training: learning from others
 - Ministers, government officials, professors, and community leaders
 - Lecturing & discussions

- ◆ Spiritual Enlightenment

Evaluation of SMU in Korea

1. Physical Infrastructure Development

Improved rural infrastructure

Improved living environments

Farm income increase

2. Spiritual Enhancement

Can Do spirits

Community initiative and capacity building

3. Institutional Development

Partnership between local government and community people

Democracy in Grassroots community and local government

Capacity building for local government officials

Lessons learned from SMU in Korea

1. SMU based on the Traditional Community Operational Mechanism

- ◆ Self-help: endogenous rural community development
- ◆ Cooperation: develop collective action among community members for bring better efficiency and income

2. Partnership between Local Government & Community People

3. Government Initiating Bottom-up Approach

- ◆ Government provides policy measures & development motivation with financial, administrative and technical support
- ◆ Community people initiate development actions in bottom -up approach

Collective Action in the Course of Rural Community Development

Labor/workforce Productivity

- ◆ Labor productivity refers to the ratio of volume measure of output to a volume of input use. Volume measures of output are normally gross domestic product (GDP), or gross value added (GVA) use (OECD).
- ◆ Followings are most commonly used measures of input are:
 - Hours worked
 - Workforce jobs;
 - Number of people in employment
- ◆ Labor Productivity= output volume/labor input use

Ways of Increasing Labor Productivity

$$\text{Labor Productivity} = \frac{\text{Output volume}}{\text{Labor input}}$$

- ◆ Reduce Labor Input
 - Cooperative production in agriculture
 - Farm mechanization & automation
 - ITC & the 4th Industrial Revolution (4IR)
- ◆ Increase the volume of out put (GDP or GVA)
 - Improve the quantity through technology innovation
 - Improve the quality for better value added
 - Improve the bargaining power for better Revenue
- ◆ Collective action will reduce labor input and increase the volume of output

Collective Action

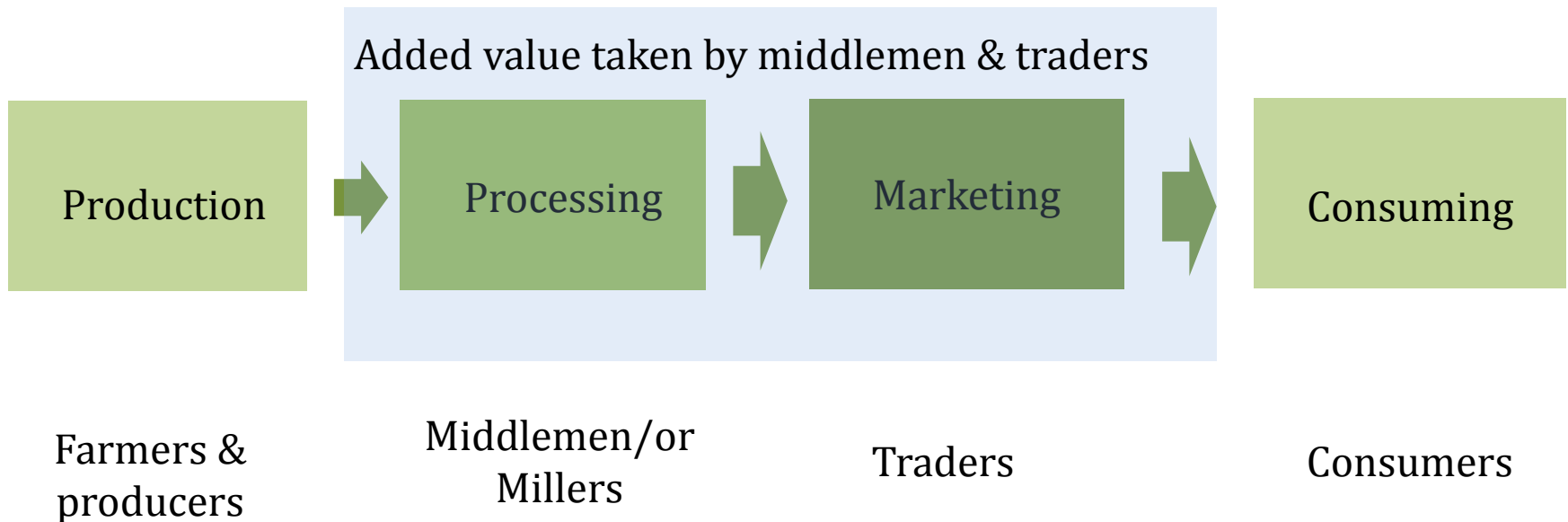
- ◆ Collective Action refers to actions taken together by a group of people whose goal is to enhance their status and achieve a common objectives
- ◆ When individuals engage in collective action, the strength of the group's resources, knowledge, and efforts combines to reach a goal shared by all parties.
- ◆ Individuals participating collective action may have conflicting interests due to the cost, degree of contribution, or different goals.

Why Collective Action in Rural Community Development

Agricultural Sector in Rural Community

- ◆ Low level of Knowledge, skill and technology
- ◆ Low productivity
- ◆ Lack of financial resources
- ◆ Poor market accessibility because of size of economy and lack of means for transportation
- ◆ Poor bargaining power
- ◆ Difficult to adopt new innovations and advanced technologies due to the size of economy

Value chain Structure in Traditional Agriculture

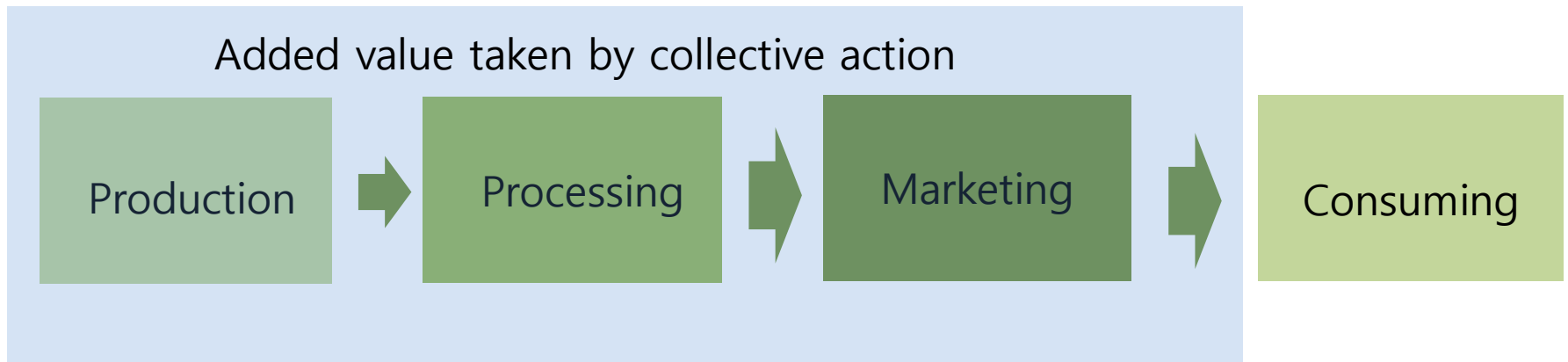


Most of added value generating from agricultural production taken by middlemen or traders.

Collective Action in Agriculture

- ◆ Collective action in agriculture is taken to overcome the weakness of small scale farming and bargaining power.
- ◆ Farmers organize group farming system, and take collective actions for processing, packing and marketing
- ◆ Through collective action, small scale farmers will overcome the weakness of small farming production system and strengthen competitiveness and bargaining power in marketing process.

Collective Action in Agriculture for Value-chain Formation

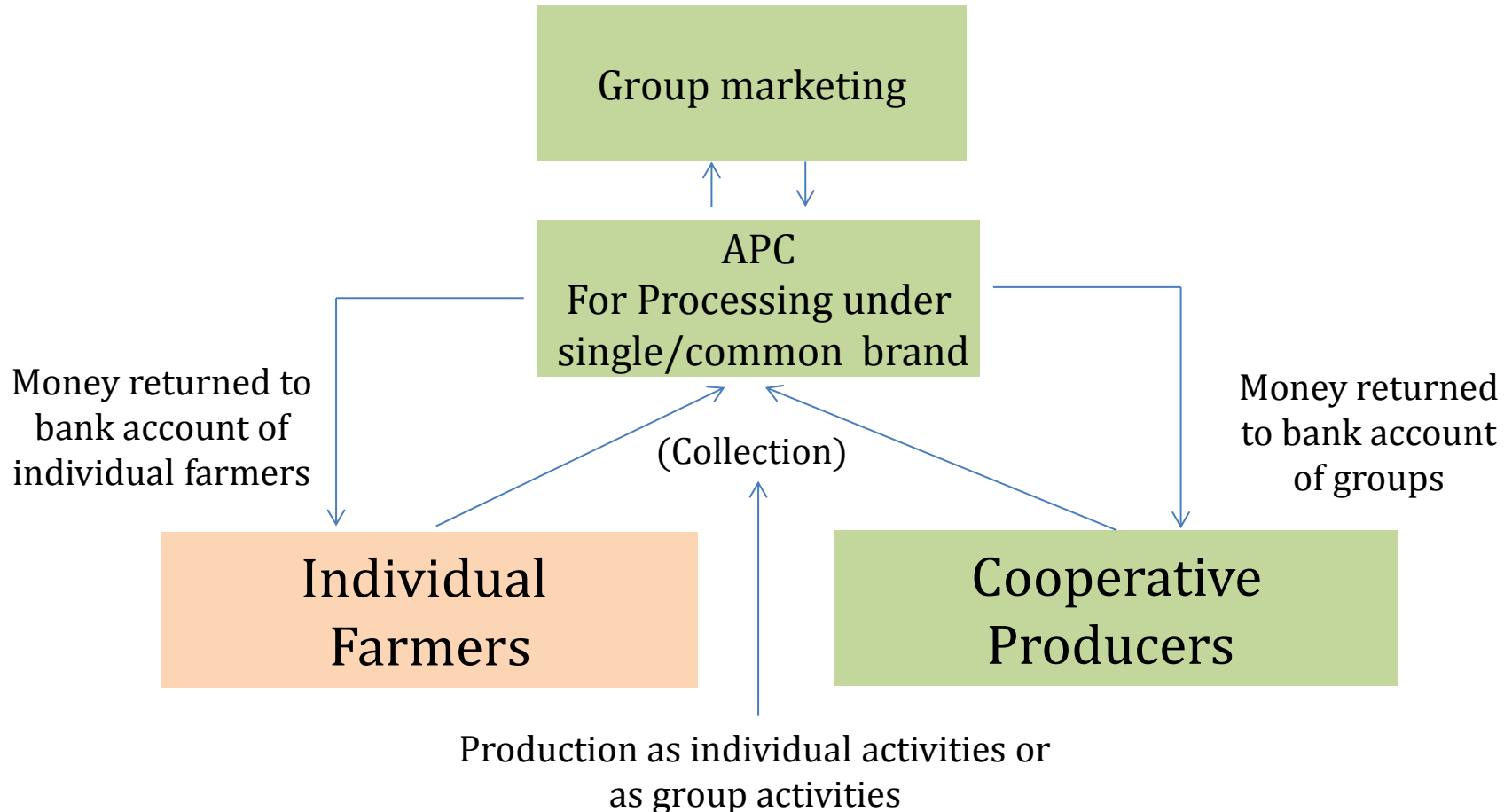


- ◆ Farmer's group deliver the agricultural products directly to consumers in the urban areas by using ITC technologies
- ◆ Value added is generated mostly in the process of processing & marketing. Therefore, farmers total added value become bigger, and labor productivity of individual farmer is increasing

Collective Action in Agricultural Marketing

Process	Activities
Production	<ul style="list-style-type: none"> ▪ Produce individually but produce same commodity or variety for making of processing, packing and marketing efficiently ▪ Produce cooperatively & collective action for processing and marketing
Processing and packing	<ul style="list-style-type: none"> ▪ Use common facilities of grading, processing and packing under the same brand name. ▪ Inform the result of grading, processing & packing to each producer to let them know on their products.
Marketing	<ul style="list-style-type: none"> ▪ Group marketing for better bargaining power under the one brand name ▪ After marketing, the money will be sent to individual bank account according to the quantity and the quality of the products of individuals.

Collective Action in Agricultural Production & Marketing



Cooperative Production & Marketing (EX)

◆ Mushroom production in Lao PDR

- Built mushroom house cooperatively (10 farmers built a mushroom house to cultivate mushroom cooperatively)
- Each member care the mushroom cultivation house by turn
- Harvest the mushroom collectively, packing under the same brand, and sell to the wholesalers
- Share the cost and benefit according to the investment
- Individual farmer could reduce the cost of production and marketing

Cooperative Production & Marketing (EX)

◆ Rice production in Korea

- Rice farmers in a cooperative/community have an agreement to unify the variety and brand name, and cultivation method to standardize the rice quality
- Individual farmer produce rice according to the agreement
- Cooperative buy the rice from the individual farmers, and after processing, selling the rice under the brand name of the cooperative.
- Individual farmer could reduce the cost of marketing and taken benefit and added value by using the brand name of the cooperative

Thank for Your Attention